

The PRESIDENT pro tempore. It has.

Mr. MCGILL. I ask unanimous consent that at a later period, when consideration is being given to amendments to the text of the bill, an amendment may be proposed to schedule A on page 21.

Mr. BARKLEY. I am satisfied that if the Senator should ask unanimous consent later to recur to that section, there would be no objection.

Mr. MCGILL. It is not particularly my amendment, but I do know that there will be an amendment offered to that schedule as applied to the two commodities, wheat and corn.

Mr. BARKLEY. There will be no difficulty about that.

Mr. POPE. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. POPE. I call the attention of the Senator from Kansas to the fact that an amendment which would dispose of this matter will be made to the original language of the bill at the top of page 8.

Mr. MCGILL. It will not affect the schedule?

Mr. POPE. It will affect the schedule, but the original language will be on the top of page 8. I think we can amend that.

Mr. OVERTON. I send an amendment to the desk and ask to have it printed and lie on the table.

The PRESIDENT pro tempore. The amendment will be printed and lie on the table.

#### EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore, as in executive session, laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

#### RECESS

Mr. BARKLEY. Mr. President, I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 4 o'clock p. m.) the Senate took a recess until Monday, December 13, 1937, at 12 o'clock meridian.

#### NOMINATIONS

*Executive nominations received by the Senate December 11 (legislative day of November 16), 1937*

##### JUDGE OF THE UNITED STATES CIRCUIT COURT OF APPEALS

Walter E. Treanor, of Indiana, to be a judge of the United States Circuit Court of Appeals for the Seventh Circuit, vice Samuel Alschuler, retired.

##### PROMOTIONS IN THE NAVY

Comdr. Howard H. J. Benson to be a captain in the Navy, to rank from the 1st day of November 1937.

The following named lieutenants to be lieutenant commanders in the Navy, to rank from the date stated opposite their names:

Francis M. Adams, September 1, 1937.

Hugh H. Goodwin, December 1, 1937.

Thomas J. Raftery, December 1, 1937.

The following named lieutenants (junior grade) to be lieutenants in the Navy, to rank from the 1st day of December 1937:

Albert S. Miller.

Joseph E. Dodson.

## SENATE

MONDAY, DECEMBER 13, 1937

*(Legislative day of Tuesday, November 16, 1937)*

The Senate met at 12 o'clock meridian, on the expiration of the recess.

#### THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Saturday, December 10, 1937, was dispensed with, and the Journal was approved.

#### CALL OF THE ROLL

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Dieterich	La Follette	Reynolds
Andrews	Donahay	Lee	Russell
Ashurst	Duffy	Lodge	Schwartz
Austin	Ellender	Logan	Schwellenbach
Bailey	Frazier	Loneragan	Sheppard
Bankhead	George	Lundeen	Shipstead
Barkley	Gerry	McAdoo	Smathers
Bilbo	Gibson	McCarran	Smith
Bone	Gillette	McGill	Steiwer
Borah	Glass	McKellar	Thomas, Okla.
Brown, Mich.	Graves	McNary	Thomas, Utah
Brown, N. H.	Green	Maloney	Townsend
Bulkley	Guffey	Miller	Truman
Bulow	Hale	Minton	Tydings
Burke	Harrison	Murray	Vandenberg
Byrd	Hatch	Neely	Van Nuys
Byrnes	Hayden	Norris	Wagner
Capper	Herring	O'Mahoney	Walsh
Caraway	Hitchcock	Overton	Wheeler
Chavez	Holt	Pepper	White
Clark	Johnson, Calif.	Pittman	
Connally	Johnson, Colo.	Pope	
Copeland	King	Radcliffe	

Mr. BARKLEY. I announce that the Senator from Delaware [Mr. HUGHES] is detained from the Senate because of illness.

The Senator from Tennessee [Mr. BERRY], the Senator from Illinois [Mr. LEWIS], and the Senator from New Jersey [Mr. MOORE] are unavoidably detained.

Mr. AUSTIN. The Senator from New Hampshire [Mr. BRIDGES] is absent on official business.

The PRESIDENT pro tempore. Eighty-nine Senators having answered to their names, a quorum is present.

#### NOBEL PEACE PRIZE

The PRESIDENT pro tempore laid before the Senate a letter from the Under Secretary of State transmitting copy of a circular of the Nobel Committee of the Norwegian Parliament furnishing information regarding the proposal of candidates for the Nobel Peace Prize for the year 1938, which, with the accompanying paper, was referred to the Committee on Foreign Relations.

#### PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate resolutions adopted by Farm Credit Administration Local No. 14 of the United Federal Workers of America, favoring the prompt enactment of the so-called Logan bills, being the bills (S. 3050) establishing a 5-day workweek in the Federal service, and for other purposes, and (S. 3051) to provide for the hearing and disposition of employee appeals from discriminatory treatment by superiors in the Federal service, which were referred to the Committee on Civil Service.

He also laid before the Senate a resolution adopted by Local No. 18, Industrial Union of Marine and Shipbuilding Workers of America, Mobile, Ala., favoring the prompt enactment of pending wage and hour legislation, which was ordered to lie on the table.

Mrs. CARAWAY presented a petition, numerous signed, of sundry citizens of the State of Arkansas, praying for the enactment of the so-called Lee bill, being the bill (S. 2911) to promote peace and the national defense through a more equal distribution of the burdens of war by drafting the use of money according to ability to lend to the Government, which was referred to the Committee on Military Affairs.

Mr. VANDENBERG presented a resolution adopted by the City Council of Wyandotte, Mich., protesting against the enactment of legislation to tax the income from municipal bonds, which was referred to the Committee on Finance.

He also presented a petition of sundry citizens of Linwood and Pinconning, Mich., praying for the adoption of the so-called Ludlow resolution, being the joint resolution (H. J. Res. 199) proposing an amendment to the Constitution of the United States to provide for a referendum on war, which was referred to the Committee on the Judiciary.

PRINTING OF REPORT OF DAUGHTERS OF THE AMERICAN  
REVOLUTION

Mr. HAYDEN. From the Committee on Printing, I report an original resolution and ask unanimous consent for its present consideration.

There being no objection, the resolution (S. Res. 208) was read, considered, and agreed to, as follows:

*Resolved*, That the Fortieth Annual Report of the National Society of the Daughters of the American Revolution for the year ended April 1, 1937, be printed as a Senate document.

BILL INTRODUCED

Mr. WALSH introduced a bill (S. 3131) granting a pension to William Henry Coffey, which was read twice by its title and referred to the Committee on Pensions.

AGRICULTURAL RELIEF—AMENDMENTS

Mr. BANKHEAD, Mr. BILBO, Mr. COPELAND, Mr. GEORGE, and Mr. RUSSELL each submitted an amendment intended to be proposed by them, respectively, to the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes, which were severally ordered to lie on the table and to be printed.

A SUGGESTION TO CONGRESS—EDITORIAL BY OSCAR STAUFFER

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD "A Suggestion to Congress," made by Oscar Stauffer, of Arkansas City, Kans., president of the Stauffer Publications. The Stauffer Publications include the Arkansas City Traveler, Arkansas City, Kans.; the Pittsburg Headlight and the Pittsburg Sun, Pittsburg, Kans.; the Independence Reporter, Independence, Kans.; the Grand Island Daily Independent, Grand Island, Nebr.; the Maryville Daily Forum, Maryville, Mo.; and the Shawnee Morning News, the Shawnee Evening Star, and the KGFF Broadcasting Co., Shawnee, Okla.

One of the things Mr. Stauffer suggests is that the Federal Government, instead of penalizing employment through pay-roll taxes, should pay a premium to employers for every additional man placed on the pay roll, providing the additional funds through increasing income-tax rates, if necessary.

I send the editorial suggestion to the desk and ask that it be printed as part of my remarks at this point in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The editorial is as follows:

A SUGGESTION TO CONGRESS

The bane of America since 1929 has been unemployment.

How to get those who wish to work jobs remains the one big problem.

Congress and the President are as anxious as anyone else that good jobs be provided for all.

Today, through the social-security laws, an employer is penalized 3 percent for each employee he puts to work.

If a business concern employs an additional workman today and pays that man \$1,700 a year, it must pay the Government an additional \$51 penalty for the privilege of providing work.

In addition the workman must pay 1 percent of his salary, or \$17.

In less than 30 days—to be exact, January 1, 1938—the employer will pay 4 percent pay-roll tax or penalty for giving employment, so that the penalty on a \$1,700 man for the employer is \$68 yearly. The employee's 1 percent remains the same for 1938.

Our suggestion would be to do away with this pay-roll tax on both the employee and employer.

We want social security. But let's penalize idle capital that isn't giving men jobs. In any event, let's get this money elsewhere.

It might even be worth while for the Government to pay a small premium for each additional man employed over and above those on the pay rolls at some fixed date.

Even if the income tax on business must be raised to 20 or 30 percent, we believe employment can be solved by placing a premium on it rather than a penalty.

GOVERNMENT PURCHASE OF AMERICAN-PRODUCED SILVER—ADDRESS  
BY SENATOR ADAMS

[Mr. JOHNSON of Colorado asked and obtained leave to have printed in the RECORD an address by Senator ADAMS on the subject of Government Purchase of American-Produced

Silver, delivered Friday, December 10, 1937, which appears in the Appendix.]

CONSUMER PROTECTION BY GOVERNMENT—ADDRESS BY ROBERT H.  
JACKSON

[Mr. O'MAHONEY asked and obtained leave to have printed in the RECORD an address on Consumer Protection by Government, delivered by Robert H. Jackson, Assistant Attorney General of the United States, before the Consumers' National Federation in New York City, December 11, 1937, which appears in the Appendix.]

AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

The PRESIDENT pro tempore. The clerk will state the next amendment of the committee.

The next amendment was, on page 92, to strike out lines 6 and 7, as follows:

Title III—Soil Conservation and Domestic Allotment Act.

And in lieu thereof to insert:

Title VIII—Amendments to Soil Conservation and Domestic Allotment Act.

The amendment was agreed to.

The next amendment was, on page 92, line 10, after the word "Sec.", to strike out "30" and insert "80", and after line 17, to insert:

(b) Section 8 (b) of such act, as amended, is amended by striking out the expression "or (4)" after the expression "required for domestic consumption", and inserting in lieu thereof the following:

"(4) their equitable share as determined by the Secretary of the national production of any commodity or commodities required for domestic consumption and exports adjusted to reflect the extent to which their utilization of cropland on the farm conforms to farming practices which the Secretary determines will best effectuate the purposes specified in section 7 (2), or (5)."

Mr. McNARY. Mr. President, I wish either the Senator from Kansas [Mr. MCGILL] or the Senator from Idaho [Mr. POPE] would state briefly the modification of the Soil Conservation Act intended by this section and the next one.

Mr. POPE. Mr. President, will the Senator yield?

Mr. McNARY. Yes.

Mr. POPE. My understanding is that the changes in the first section of the bill with reference to allotments of cotton, tobacco, and rice are here recognized in connection with the Soil Conservation Act; and, in general, the purpose of the two amendments is to make the Soil Conservation Act and the provisions for allotment of acres conform to the pending bill.

Mr. AUSTIN. Mr. President, will the Senator from Oregon permit me to ask the Senator from Idaho a question?

The PRESIDENT pro tempore. Does the Senator from Oregon yield to the Senator from Vermont to ask a question of the Senator from Idaho?

Mr. McNARY. Certainly.

Mr. AUSTIN. Does the amendment of section 7 mean "section 7 (a)"? The reason why I ask the question is that I have great difficulty in finding any section 7 (2) or 7 (5). Indeed, I have not been able to find any such thing. I find section 7 (a), and, under that, five parenthetical subsections.

Mr. POPE. I understand that on line 4, page 93, "7 (2)" should be "7 (a)."

Mr. AUSTIN. Very well. Then this amendment means, as I understand—I desire to know whether this is correct or not—that it is intended to change the meaning of these words:

Sec. 7. (a) It is hereby declared to be the policy of this act also to secure, and the purposes of this act shall also include, \* \* \* (2) promotion of the economic use and conservation of land; \* \* \* (5) reestablishment, at as rapid a rate as the Secretary of Agriculture determines to be practicable and in the general public interest, of the ratio between the purchasing power of the net income per person on farms and that of the income per person not on farms that prevailed during the 5-year period August 1909-July



1914, inclusive, as determined from statistics available in the United States Department of Agriculture, and the maintenance of such ratio.

There is a period there. Is that the end of the text of the Soil Conservation Act which is intended to be changed by this amendment, or is it calculated to cover all the remainder of section 7 (a) (5)?

Mr. LEE. Mr. President—

The PRESIDENT pro tempore. The Senator from Oklahoma.

The Chair will state that at the time of recessing on Saturday the Senator from Oklahoma had not completed his address, and asked to be recognized again today. Other Senators today addressed the Chair first, and directed questions to the Senator from Idaho [Mr. POPE].

The Chair simply makes that statement to the Senate.

Mr. POPE. Mr. President, if the Senator will yield, I think we shall have to check that matter. The Department was requested by the Committee on Agriculture and Forestry to prepare amendments to the Soil Conservation Act to make it conform to the changes in this bill so far as payments are concerned. It is difficult for me to hear the Senator, and I did not understand all of his question. Therefore, I cannot answer his question in detail. I shall be glad to check the matter in a few moments, and shall endeavor to answer the Senator's question.

Mr. AUSTIN. I shall be glad to have the Senator do that. I think it is a matter which will bear a little study.

The PRESIDENT pro tempore. The Senator from Oklahoma is recognized. The amendment offered by the Senator from Oklahoma to the committee amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 82, between lines 21 and 22, it is proposed to insert the following new subsection:

(k) The payments paid by the Secretary to farmers under this act, and the Soil Conservation and Domestic Allotment Act, shall be divided among the landowners, tenants, and sharecroppers of any farm, with respect to which such payments are paid, in the same proportion that such landowners, tenants, and sharecroppers are entitled to share in the proceeds of the agricultural commodity with respect to which such payments are paid; and such payments shall be paid by the Secretary directly to the landowners, tenants, or sharecroppers entitled thereto: *Provided*, That, notwithstanding the other provisions of this act and the provisions of the Soil Conservation and Domestic Allotment Act, if the total amount of such payments (except payments computed under section 6 (c) of this act) to any person with respect to any year would, except for the provisions of this proviso, exceed \$600, such amount shall be reduced by 25 percent of that part of the amount in excess of \$600 but not in excess of \$1,000; by 60 percent of that part of the amount in excess of \$1,000 but not in excess of \$1,500; by 90 percent of that part of the amount in excess of \$1,500 but not in excess of \$2,500; and by 95 percent of that part of the amount in excess of \$2,500.

Mr. LEE. Mr. President, I wish to make a brief explanation of the amendment which I proposed at the close of the session last Saturday.

This is not the amendment which I shall later offer in the form of a substitute. This is an amendment to the committee bill intended to graduate the payments to big producers. In both the speeches I made before the Senate, I used the expression of the advocates of the committee bill in stating that the committee bill could not graduate the payments; but, since that time I believe I have discovered a way in which it can be done on the committee bill.

The resolution passed by Congress in the closing days of the last session committed us to graduated payments to big producers. It was stated that any agricultural relief bill should contain a graduated ceiling in order to keep from making these tremendous payments to big producers.

Under the terms of my amendment the graduation of payments would start at \$600; that is, a farmer who received \$600 or under would not be affected by the graduation. Instead of the next \$400 that he would receive under the bill as it now stands, under the graduated scale he would receive three-fourths of that amount, or \$300. Then instead of on the next \$500 that he would receive under the committee bill as it stands now, he would receive under the graduation plan, 40 percent, or \$200. Then instead of the next \$1,000

that he would receive under the committee bill as it now reads, by the graduation scale he would receive 10 percent, or \$100. For all above \$2,500 he would receive only 5 percent.

I had printed in the RECORD last Saturday, appearing at page 1348 of the RECORD, a table which shows the graduation plan in its application. First I find that 97½ percent of the farmers received payments of less than \$600. The average payment to farmers is \$100. Therefore the graduated plan would not affect 97½ percent of the farmers. It would affect only 2½ percent of them in round numbers.

Mr. SCHWELLENBACH. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Washington?

Mr. LEE. I yield.

Mr. SCHWELLENBACH. What percentage of the acreage does the 2½ percent represent? Also what percent of the crops would the 2½ percent produce?

Mr. LEE. If the Senator will look at the table on page 1348 of the RECORD and make the calculation, he will get the acreage. In the second column is shown 43,093,000 acres, the number of acres that would not be affected under the table of wheat payments for 1933. Underneath is given the acreage that would be affected, and if the Senator will add them together he will get the total, and I should be glad to have the figures appear in the RECORD.

When this graduated scale is applied to the payments of \$500,000,000 that we have appropriated for soil conservation we find that we would save \$30,000,000 out of that sum on the payments to only 2½ percent of the contractors; in other words, 6 percent.

By adding the two columns I find that out of the first column the payments under the old plan amounted to \$96,807,000, and under the proposed graduated scale the payments would amount to \$93,219,000, or a saving, on the basis of the first table, of \$3,588,000. On the basis of the second table we would make a saving of \$9,274,000, and on the two tables, which involve a payment of \$212,309,000, we would make a saving of \$12,862,000, or 6 percent on the total payment. Six percent of the \$500,000,000 is \$30,000,000 that would be saved by the application of this principle, and it would not affect 97½ percent of the farmers. The \$30,000,000 would enable us either to increase the payments to the farmers who draw small payments or else to extend the payments to some who are not receiving payments under the present scale.

Let us apply this principle to some of the large payments which were made under the A. A. A. Here is one tobacco corporation in Florida to which we paid \$13,982.14 under this scale that corporation would receive \$1,774.11. To the Maxwell Corporation, of Louisiana, we paid \$14,214.12. Under this scale that corporation would receive \$1,785.71. To the Delta Pine & Land Co., of Mississippi, we paid \$60,388.06 and under this plan that company would receive \$4,094.40. To the State Penitentiary of Mississippi we paid \$37,488.40. Under this plan they would receive \$2,904.42.

Mr. BORAH. Mr. President, from what point in the RECORD is the Senator reading?

Mr. LEE. Page 1349 of the CONGRESSIONAL RECORD of Saturday, in the first column of the page. I am not reading all of the corporations to which we made payments above \$10,000 because there are too many of them.

To the Arizona Citrus Land Corporation we paid \$47,682.47. Under the graduated scale that corporation would receive \$3,459.12.

It might be argued that if we do not give to these large corporations the full amount, they would not come in and cooperate and reduce their acreage. The \$3,459.12 is a goodly sum for a corporation to receive from the Government and for Congress to vote out of the taxpayers' pockets for the purpose of having the corporation improve the fertility of its own soil. I think they would cooperate voluntarily and accept that payment.

But if they should not cooperate, and here is where I believe the proposal would apply to the bill as reported by the committee, what could they do? They could refuse to sign that contract. But since only 2½ percent of the farmers are



affected and since it only takes 51 percent of them to sign the contracts to make them acceptable, it would not destroy the effectiveness of the law if 2½ percent did fail to sign it. If enough of them stayed out so that their acreage threatened to upset the market, then we might be forced to the application of quotas. If the quotas were applied then the big corporation farms could not sell their commodities which they produce beyond the quota without a part of it being confiscated and the company penalized.

How could they defeat the provisions of the committee bill simply because we put this graduated ceiling in it? I believe it can be applied to the terms of the bill as reported by the committee. It is in keeping with our resolution to which I have referred. It is in keeping with our desire to make the money go as far as possible.

On December 1, at page 618 of the RECORD, I inserted a table showing the concentration of wealth of the United States. These figures were furnished me by the National Research Committee of the Department of the Interior. Five and one-half percent of the people of the United States own 54½ percent of the wealth. The Government exerts a constant pressure toward the redistribution of wealth by use of graduated income tax and can further help toward a redistribution of wealth by a graduated method of expending the money so raised. This plan of scaling down the payments to big producers will further carry out that policy.

Mr. POPE. Mr. President, will the Senator yield?

Mr. LEE. I yield.

Mr. POPE. I am familiar with the amendment now being discussed by the Senator from Oklahoma. While I think it should be given careful study, yet in view of the fact that in all likelihood the bill will go to conference anyway, I am willing, so far as I am concerned, as one of the authors of the bill, to accept the amendment in order that it may go to conference for the working out of a suitable set of graduated payments.

Mr. LEE. I thank the Senator, and with a few further observations I shall not discuss it longer.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. LEE. Certainly.

Mr. NORRIS. I inquire of the Senator as to the exceptions to which the amendment does not apply, found on page 2 of the amendment, lines 4 and 5:

Except payments computed under section 6 (c) of this act.

Does that exception refer to the language commencing in line 18?

Mr. LEE. As I recall, it refers to some obligations which I have understood the Department of Agriculture had already incurred and I did not wish to make the scale retroactive.

Mr. NORRIS. I wondered if there were new obligations.

Mr. LEE. On that I cannot speak. That language was in the committee bill and I took for granted that it referred to some obligations which were already outstanding. I felt it would be unfair not to recognize them.

The Senator from Washington [Mr. SCHWELLENBACH] has handed me the figures which we were discussing a few moments ago. The wheat acreage that would not be affected by this graduated scale would be 83 percent of the total wheat acreage. Eighty-three percent of the wheat acreage would not be affected under my amendment and 97½ percent of the contractors would not be affected. As to the cotton acreage, 97½ percent of the contractors would not be affected and 81 percent of the acreage would not be affected. I thank the Senator for that information.

Mr. BORAH. Mr. President, may I ask if the amendment was not accepted by the committee?

Mr. LEE. I am going to ask for a vote on it, since one of the members of the committee said it was acceptable to him so far as he was concerned.

Mr. NORRIS. Mr. President, as I understand, under the unanimous-consent agreement we are now considering committee amendments, and the amendment offered by the Senator could not be taken up at this time.

Mr. BARKLEY. It is an amendment to the committee amendment.

Mr. NORRIS. I did not understand it that way.

Mr. LEE. I asked the Parliamentarian about it, and I understood this amendment to be offered as an amendment to the committee amendment.

Mr. NORRIS. The committee amendment has already been agreed to, has it not?

Mr. BARKLEY. No.

Mr. NORRIS. Then it is all right.

Mr. BARKLEY. Let us vote.

The PRESIDENT pro tempore. The amendment of the Senator from Oklahoma went over by unanimous consent on Saturday, and it is to be called up after the pending committee amendment is disposed of.

Mr. NORRIS. Is the Senator's amendment pending?

The PRESIDENT pro tempore. No; the pending amendment is the amendment of the committee on page 92, subsection (b) of section 8.

The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The PRESIDENT pro tempore. The clerk will state the next amendment of the committee.

Mr. AUSTIN. Mr. President, I was engaged when the vote was taken. I have some comments to make regarding the amendment on page 92, line 22, and I had desired to take the floor before the vote was taken.

The PRESIDENT pro tempore. Is there objection to a reconsideration of the vote by which the amendment was agreed to? The Chair hears none, and the vote is reconsidered.

Mr. AUSTIN. Mr. President, my interrogatory relating to the meaning of this committee amendment has not been answered, so that I will have to discuss it on the assumption that it is not intended to cover that part of section 7 (a) (5) which follows the period, to which I referred in my interrogatory. Perhaps the Senator from Idaho can answer my question now. If he can, I will gladly yield to him for the answer.

Mr. POPE. Mr. President, I call attention to the fact that in section 8 (a) of the Soil Conservation Act there are matters to be taken into consideration by the Secretary in determining the amount of payments to be made under the Soil Conservation Act. Under subdivision (b) of section 8 the subdivisions are numbered 1, 2, 3, and 4. It is proposed that there be substituted another matter for consideration by the Secretary in making payments, which will be numbered "4", and the present No. 4, which is in a combination of the others, will be "5." So, in the amendment which appears at the bottom of page 92 of the pending bill is inserted the additional matter for consideration by the Secretary, beginning with the words "their equitable share as determined by the Secretary of the national production of any commodity or commodities", and so forth. That was made desirable by the different provisions of the bill. It is desired by the Secretary and by the committee that this other matter now in (4) be inserted in order that he might give consideration to this other matter in the making of the payments. That is the purpose of it. The other changes suggested in the amendment are to make the amendment conform with the provisions of the Soil Conservation Act.

Mr. AUSTIN. Mr. President, I regret that that does not answer my question. In fact, it is not responsive at all to my question.

I know that the text of the amendment does exactly what the Senator from Idaho says, but the text of the amendment refers to section 7 (2) or (5). I am trying to ascertain what the intention of the legislators is with respect to the scope of the amendment. So I asked whether it was intended to include the full of what appears in 7 (a) (5) or only that part of it which ends at the period, as shown in my interrogatory. Can the Senator answer that question?

Mr. POPE. In the first place, Mr. President, the reference is to 7 (a) rather than 7 (2), so in the amendment at the top of page 93, line 4, it should read "7 (a)."

Mr. AUSTIN. That is all settled. I understand that.



Mr. POPE. The "(5)" in the same line refers to subsection (b) under section (8) of the Soil Conservation Act.

Mr. AUSTIN. Subsection (b)?

Mr. POPE. Subsection (b), where the figure "4" is in parentheses. The intention was to so change those figures as to insert "4" in lieu of the 4 which now appears in the subsection (b) of section 8.

Mr. AUSTIN. Subsection (b) of section 7 is a wholly different matter. It reads as follows:

(b) The Secretary of Agriculture shall cooperate with the States in the execution of State plans to effectuate the purposes of this section, by making grants under this section to enable them to carry out such plans.

Mr. President, unless there is something further the Senator from Idaho wishes to say—

Mr. POPE. Mr. President, I was referring to subsection (b) of section 8.

Mr. AUSTIN. We are talking about section 7 (a) (5). If we can adhere to that long enough to understand what the proposal means, I should like to have us do so.

Mr. POPE. Mr. President, I should like to have inserted an explanation of these amendments which has been prepared, and I think the Senator from Vermont upon reading it would get the matter clearly in mind. I should like to have it printed following these remarks. It makes the matter clear.

Mr. AUSTIN. Mr. President, the sections which we are now attempting to modify are the power sections of the Soil Conservation Act. They are the sections which differentiate the particular bill we are considering and the act under which the farmers of the United States are acting, differentiating them with respect to the voluntary character of the Soil Conservation Act on the one hand and the coercive character of the bill we are now considering. As I view our situation, we do not desire, by amendments inserted in the pending bill, to convert what is apparently a workable and a sound law into one which must be declared void. These amendments if adopted in my opinion would have that tendency. The action must be limited of course to the particular amendment now pending on page 92, but in considering that question we will have to go through all the amendments under this title.

Whereas section 7 (a) provides what the Secretary of Agriculture shall do and shall not do, and whereas section (8) (b) declares with respect to his power that he shall do this and he shall not do that, it seems to me that we should not by this amendment transform the voluntary character of the Soil Conservation Act.

Let me call attention to what follows the period to which I have referred on page 158 of the Soil Conservation Act:

The powers conferred under sections 7 to 14, inclusive, of this act shall be used—

That is a command, it is affirmative—

to assist voluntary action calculated to effectuate the purposes specified in this section.

Now we come to a "shall not"; that is a prohibition:

Such powers shall not be used to discourage the production of supplies of food and fibers—

And so forth. In other words, here are two very essential differences between the pending bill and the act to which I am referring. The proposed legislation has for its objective a limitation of the supply of food—a curtailment of the supply of food. In its long and logical objective it has scarcity in view. The Soil Conservation Act protected plenty and protected the production of sufficient for human consumption in the United States. This was the protective clause:

Such powers shall not be used to discourage the production of supplies of foods and fibers—

And so forth. The other clause, relating to the voluntary character, provides that the powers granted "shall be used to assist voluntary action."

When we set out in the pending bill to conform the Soil Conservation Act with the pending bill by such amendments as we are now about to consider under title VIII of the bill, we are changing the objective of the exercise of the power of

the Secretary from that fundamental one of plenty contained in the Soil Conservation Act to the other fundamental one of scarcity contained in the pending bill. We are also changing from the administrative character of the Soil Conservation Act, which is voluntary in character, to compulsory administration under the pending bill.

I call special attention to a provision in the amendment on page 94. It begins at line 4, and read as follows:

Section 8 (b)—

Which is the section about which we are talking—

Section 8 (b) of such act, as amended, is amended by striking out the sentence "In carrying out the provisions of this section, the Secretary shall not have power to enter into any contract binding upon any producer or to acquire any land or any right or interest therein" and by inserting in lieu thereof the following: "In carrying out the provisions of this section the Secretary shall have the power to enter into contracts with producers, but shall not have the power to acquire any land or any right or interest therein."

In other words, under the Soil Conservation Act, today we have the right of the farmer, which is untrammelled and which is not coerced by any threat of the suffering of a penalty or suffering a disadvantage which his neighbor does not face, a perfectly free right to enter into a contract with his Government and receive from his Government encouragement to voluntary acts on his farm.

The amount of his pay is measured by his conformance with certain standards and ideals of agricultural practice, and it is a wholly different proposition from the one we are here considering, because, whether the farmer goes in or stays out, he is not whipped for it; and if he goes in, he gets payment that is measured by that contribution to society which he makes in preserving and improving the fertility of the soil and carrying out that grand objective of plenty, the adequate production of the necessities of human life.

That is what we are dealing with here. A very important agricultural policy is being overturned, it seems to me. Our policy, I sincerely believe, should be for plenty, and for such an encouragement of the distribution of it that all people may have more instead of less. Our obligation under the Constitution is to keep our hands off the administration of laws relating to production of agricultural products. Laws that are compulsory, laws of a Federal or Central Government that undertake to compel an individual farmer on a small farm to conform to practices laid down in the regulations made by a bureau here in Washington, should not be enacted. So I think we ought not to make these changes.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. AUSTIN. Mr. President, I do not wish to yield at this time.

The PRESIDENT pro tempore. The Chair is advised that the Senator's time on the amendment has expired.

Mr. AUSTIN. Mr. President, I do not want to use my time on the bill at this time.

Mr. POPE. Mr. President, I move that the following amendment be made, on page 93, in line 4, of the bill:

That after the figure "7" the letter "(a)" be inserted in lieu of "(2)", so that line 4 will read:

7 (a), or (5).

I also ask that as a part of my remarks an explanation of these amendments to the Soil Conservation Act be printed in the RECORD.

Mr. LA FOLLETTE. Mr. President, if we are going to vote on this proposition, I wish the Senator would explain it. It will not help us much to have the explanation to read after the vote is cast.

Mr. POPE. A large part of the explanation is technical, in explaining why certain numbered or lettered paragraphs have been changed in order to conform. The important thing about it is, as referred to by the Senator from Vermont [Mr. AUSTIN], that on page 94 appears the provision that this part of the bill shall apply to contracts. It will be remembered that under the present Soil Conservation Act no contracts were permitted, but offers were made and acceptances were received. Since a provision is contained in this bill for con-



tracts for soil conservation, as well as for other things, this language is made to conform so that the provision in the original Soil Conservation Act prohibiting contracts will be modified to this extent.

Mr. LA FOLLETTE. The only purport of the change is to change it with regard to corn and wheat. It does not change the policy of the Soil Conservation Act, as I understand, with regard to commodities that come under a different kind of set-up. Is that correct?

Mr. POPE. That is correct. In addition to that there are certain matters which the Secretary will be given an opportunity to consider in making these payments, but they are matters which are necessary in order to conform to other provisions of this bill.

I think the amendment should be adopted as being in harmony with the other provisions of the bill.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Idaho [Mr. POPE] on page 93, line 4. Without objection—

Mr. JOHNSON of California. Mr. President, let us not adopt that amendment by unanimous consent. Let the Chair put the question. I, at least, desire to vote against it.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from Idaho to the committee amendment on page 93, line 4. [Putting the question.] The ayes have it, and the amendment to the amendment is agreed to.

Without objection, the matter referred to by the Senator from Idaho [Mr. POPE] as being an explanation of his amendment which has just been agreed to will be printed in the RECORD at this point.

The matter referred to is as follows:

**S. 2787. EXPLANATION OF TITLE VIII—AMENDMENTS TO SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT**

SEC. 80 (a): This subsection proposes to amend section 8 (b) of the Soil Conservation and Domestic Allotment Act, as amended, by making applicable to such subsection (b), clause (5), of section 7 (a) of such act. Clauses (1), (2), (3), and (4) of section 7 (a) contain the purposes of said act with respect to soil conservation and the prevention of erosion and have always been applicable to the payments provided for in section 8 (b). Clause (5) relates to the reestablishment and maintenance of farm purchasing power and has been applicable only to payments in connection with State plans under section 7. Clause (5) reads as follows:

"\* \* \* Reestablishment, at as rapid a rate as the Secretary of Agriculture determines to be practicable and in the general public interest, of the ratio between the purchasing power of the net income per person on farms and that of the income per person not on farms that prevailed during the 5-year period August 1909–July 1914, inclusive, as determined from statistics available in the United States Department of Agriculture, and the maintenance of such ratio."

Section 80 (b): This subsection proposes to establish an additional basis for measuring payments made pursuant to section 8 of the Soil Conservation and Domestic Allotment Act, namely, the equitable share for each farmer of the amount of any commodity or commodities required to be produced for domestic consumption and exports, with adjustments to reflect the extent of conformity to farming practices which will best effectuate the purposes of the act. The effect of this amendment would be to permit payments under the conservation program to be made upon the basis of production allotments. This would be similar to the basis provided for parity payments on cotton, wheat, and corn.

Section 80 (c): This subsection proposes to incorporate a formula for determining rates of payments made upon the basis established under subsection 80 (b). Under this formula, equal weight would be given to each of the following factors in connection with each crop or group of crops:

1. (a) The national acreage allotment for the crop.

(b) The average value of the production of each national acreage allotment.

2. (a) The extent to which the national acreage allotment is less than the 10-year average acreage for the crop.

(b) The average value of the production on an acreage equal to that determined under 2 (a).

In the case of cotton, wheat, and corn the amount of payments determined under this formula would be about the same proportion of the total as is proposed to be made available (sec. 64 (a)) for parity payments on these crops, namely, 55 percent of the total appropriation.

Section 80 (d): This subsection proposes to amend section 8 (b) of the Soil Conservation and Domestic Allotment Act, as amended, by providing that the Secretary may enter into contracts with producers.

Section 80 (e): This proposed amendment makes the provisions of section 8 (c) of the Soil Conservation and Domestic Allotment Act, as amended, consistent with the proposed amendment of section 8 (b) of such act contained in section 80 (a) of title VIII.

**COMPARATIVE PRINT OF SECTION 80 (B) AND (C) OF THE SOIL CONSERVATION AND DOMESTIC ALLOTMENT ACT AS AMENDED BY TITLE VIII OF S. 2787**

(b) [Subject to the limitations provided in subsection (a) of this section, the Secretary shall have power to carry out the purposes specified in clauses (1), (2), (3), and (4) of section 7 (a) by making] In order to carry out the purposes specified in section 7 (a) the Secretary shall have the power to make payments or grants of other aid to agricultural producers, including tenants and sharecroppers, in amounts, determined by the Secretary to be fair and reasonable in connection with the effectuation of such purposes during the year with respect to which such payments or grants are made, and measured by, (1) their treatment or use of their land, or a part thereof, for soil restoration, soil conservation, or the prevention of erosion, (2) changes in the use of their land, (3) a percentage of their normal production of any one or more agricultural commodities designated by the Secretary which equals that percentage of the normal national production of such commodity or commodities required for domestic consumption, [or (4)] (4) their equitable share as determined by the Secretary of the national production of any commodity or commodities required for domestic consumption and exports adjusted to reflect the extent to which their utilization of cropland on the farm conforms to farming practices which the Secretary determines will best effectuate the purposes specified in section 7 (a), or (5) any combination of the above. In determining the amount of any payment or grant measured by (1) or (2) the Secretary shall take into consideration the productivity of the land affected by the farming practices adopted during the year with respect to which such payment is made. In determining the amount of any payment or grant measured by (4), the Secretary shall take into consideration and give equal weight to (1) the national acreage required to be devoted to the crop or group of crops or to the practices designated by the Secretary for such farm pursuant to subsection (c) in order to provide adequately for domestic consumption and exports of any one or more agricultural commodities and to effectuate the purposes specified in section 7 (a), and the value of the production of such commodity or group of commodities on such national acreage on the basis of average values for the 10 years immediately preceding the year in which such payment is determined and (2) the national average acreage devoted to the production of such commodity or commodities or to such practices during such 10-year period in excess of the national acreage required for such purposes and the value of production from such excess acreage on the basis of average values during the 10 years immediately preceding the year in which such payment is determined. In carrying out the provisions of this section, the Secretary shall, as far as practicable, protect the interests of tenants and sharecroppers. In carrying out the provisions of this section, the Secretary is authorized to utilize county and community committees of agricultural producers and the agricultural extension service, or other approved agencies. [In carrying out the provisions of this section the Secretary shall not have power to enter into any contract binding upon any producer or to acquire any land or any right or interest therein.] In carrying out the provisions of this section the Secretary shall have the power to enter into contracts with producers but shall not have the power to acquire any land or any right or interest therein. In carrying out the provisions of this section the Secretary shall, in every practicable manner, protect the interests of small producers. The Secretary in administering this section shall in every practical way encourage and provide for soil-conserving and soil-rebuilding practices rather than the growing of soil-depleting commercial crops.

(c) Any payment or grant of aid made under subsection (b) shall be conditioned upon the utilization of the land, with respect to which such payment is made, in conformity with farming practices which the Secretary finds tend to effectuate the purposes [specified in clause (1), (2), (3), or (4)] of section 7 (a).

The PRESIDENT pro tempore. The next amendment will be stated.

The next amendment of the committee was, on page 93, line 5, to insert the following:

(c) Section 8 (b) of such act, as amended, is amended by inserting after the expression "during the year with respect to which such payment is made" and before the expression "in carrying out the provisions of this section", the following:

"In determining the amount of any payment or grant measured by (4), the Secretary shall take into consideration and give equal weight to (1) the national acreage required to be devoted to the crop or group of crops or to the practices designated by the Secretary for such farm pursuant to subsection (c) in order to provide adequately for domestic consumption and exports of any one or more agricultural commodities and to effectuate the purposes specified in section 7 (a), and the value of the production of such commodity or group of commodities on such national acreage on the basis of average values for the 10 years immediately preceding the year in which such payment is determined, and (2) the national average acreage devoted to the production of such commodity or commodities or to such practices during such 10-year period in excess of the national acreage required for such purposes and the value of production from such excess acreage on the basis of average values during the 10 years immediately preceding the year in which such payment is determined."



## SINKING OF THE UNITED STATES GUNBOAT "PANAY"

Mr. REYNOLDS. Mr. President, when I stepped off the train this morning at 7 o'clock, after having come from one of the most beautiful sections of America, the mountainous section of western North Carolina, where is to be found "the little gem city of the mountains," my home city of Asheville, I made purchase of one of the daily newspapers of the city of Washington, and the first thing that greeted my eyes was the headline reading:

United States gunboat bombed and sunk by Japan.

Mr. President, I read in reference to the sinking of the gunboat the following, in part description of what took place on the river above Nanking, which created much excitement throughout America:

A capital immersed in its own affairs, and interested principally in a football game upon a quiet Sunday afternoon, was shocked and stunned last night by the news of the bombing and the sinking of an American gunboat and three Standard Oil tankers in the Yangtze River.

I desire to say to those who are here today that I am one person who was not surprised, and in proof of the fact that I was not surprised and that my predictions of Saturday were fulfilled yesterday, Sunday, the day following my statement on the floor of the Senate, I desire now to avail myself of the opportunity of reading from the CONGRESSIONAL RECORD that which I stated Saturday:

Mr. President, at the moment I addressed the Chair I was looking over a copy of one of the morning daily newspapers of Washington. I was endeavoring to locate an article which had been brought to my attention this morning by a friend in reference to some of our troops having been withdrawn from Chinese territory. I was interested in that article because I have repeatedly stated at various times within the past 2 months, throughout the United States, that I was of the opinion that we should withdraw our gunboats and soldiers from oriental waters and Asiatic soil. I was a bit fearful that we might become involved in war if another battleship *Maine* incident should occur in those waters.

Mr. BORAH. Mr. President—

The PRESIDENT pro tempore. Does the Senator from North Carolina yield to the Senator from Idaho?

Mr. REYNOLDS. I shall be delighted to yield to my colleague the Senator from Idaho.

Mr. BORAH. I have been unable to determine from the news that we have as to whether this gunboat was taking people out of the danger zone or whether it was accompanying, patrolling, and policing oil ships into the danger zone. It seems we are in need of details.

Mr. REYNOLDS. I shall answer my distinguished colleague by stating that I have read very carefully the description of what occurred not only in the columns of the local newspapers of the city of Washington but also in the columns of the Times of New York City, and the description provided as to what happened does not enlighten me sufficiently upon that particular subject to answer my colleague intelligently. But I am very happy indeed that he directed that inquiry to me, for it provides me an opportunity to say a little something about the situation which exists over there today in China.

However, before answering in detail as best I can by a summarization, I desire to read further from the columns of this Washington newspaper which I now hold in my hand:

Not since the battleship *Maine* was blown up in Habana Harbor has there been a comparable moment in American history, and all through the night the lights blazed in War, the Navy, and State Departments, and in the White House.

All of which, Mr. President, resulted from the sinking of the gunboat in oriental or Chinese waters, in the Yangtze River, at a distance of approximately 50 or 60 miles from the ancient and walled city of Nanking—Nanking, which has been under siege by Japanese troops for several days past, the old capital of China, with its 50-foot walls, a capital that indeed was ancient when Christ was a babe in the manger in Bethlehem.

For the past 2 months, in New York, Chicago, San Francisco, and in many other cities throughout this country I have repeatedly stated that our Government should withdraw our troops from the soil of China, and that our Government

should withdraw our boats from Asiatic waters, and now I believe that I have been warranted in making the statement that the time would come when we would regret having permitted our marines and gunboats to remain in the war zone of China where fighting is taking place daily.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. BARKLEY. In connection with this unfortunate incident, I think it ought to be stated that for 100 years, by the consent of the Chinese Government and other governments involved there, these little gunboats have been permitted to remain in the Yangtze River for the protection of the nationals of those governments who were located there, and also for the purpose of suppressing piracy which has existed from time to time in that section of the world and in this particular river.

It ought to be stated that some time ago, in order to prevent the Japanese boats from getting up into that river, the Chinese Government obstructed it, so that this American gunboat probably could not have been gotten out even if its crew had wanted to do so. It was some 28 or 30 miles above Nanking, entirely away from the seat of actual activities around that city.

I do not at this time desire to enter into any discussion of this matter, because the State Department is handling it, and I am satisfied that a statement in due time will be made with reference to it by both governments; but it ought to be understood that this is no new adventure on the part of this gunboat or any other gunboat of our Nation or any other nation. They have been there and have been in the habit of being there for 100 years.

Mr. REYNOLDS. Yes, Mr. President. I want to state to our leader that I am in thorough accord with what he has to say in regard to what has been occurring over there. In other words, the statement he makes is, in part, correct. We have had gunboats over there for a number of years for the purpose of suppressing piracy. However, I think the time has come when we should stop trying to police the world. In other words, some of us want to make a chief of police out of Uncle Sam. Some of us are desirous of having our Uncle Sam don the uniform of chief of police, and making patrolmen out of our soldiers. The time has come when, in my opinion, we should stop endeavoring to police the world. If we want to do policing we have plenty of opportunities in this country.

Our most able head of the Bureau of Investigation in the Department of Justice, J. Edgar Hoover, stated not so long ago, if my recollection does not fail me, that in the United States today there were some 4,400,000 violators of the law; criminals. Just think of that! Four million, four hundred thousand! As many men violating the law, criminals, in the United States today as there were under arms and in uniform during our participation in the World War from April 1917 until November 1918. Now the time has arrived when we should quit trying to police the world. The time has arrived, certainly in Asia, when we should quit trying to get rid of China pirates. We have enough pirates and racketeers in this country without trying to look after them in other countries.

Mr. ASHURST. Mr. President—

The PRESIDENT pro tempore. Does the Senator from North Carolina yield to the Senator from Arizona?

Mr. REYNOLDS. I shall be glad to yield to the Senator from Arizona.

Mr. ASHURST. Hearing on last Saturday the speech of the junior Senator from North Carolina [Mr. REYNOLDS] I made the mental note at that time that his speech was at one and the same time a prophecy and a warning.

The junior Senator from North Carolina is probably the Senate's most accomplished traveler. Certainly he has been in more foreign countries than any other Senator, and I think I may justly say that he has as wide a knowledge of foreign affairs as any of our Senators, with the exception of the members of our Committee on Foreign Relations. Indeed, I hope that next January, or when the steering com-



mittee meets, the able Senator from North Carolina will be added to the Committee on Foreign Relations.

I rose, however, to endorse what the Senator has said. If our troops, marines, or our vessels remain in these troubled spheres or troubled waters, some "incident" will occur; and our American people are as excitable as the French themselves. Such so-called "incident" may create great excitement. Great excitement may lead to some untoward accident or involvement, and since no Senator would vote for war in the present circumstances concerning the Orient, it seems to me a prudent thing, a just and proper thing to withdraw our activities from Asia at this time. I but quote another Senator, the able Senator from Michigan [Mr. VANDENBERG], when I say that such policy may be hard on our cash registers, but it will be easier on our sons.

Mr. REYNOLDS. I wish to take this opportunity to thank with my full heart, and from the very bottom thereof, my able colleague from Arizona for the very high compliment and tribute he has seen fit to pay me at this time; and I am very happy indeed to know that he is in thorough accord with the views I now express with regard to the Asiatic situation.

My distinguished friend the Senator from Idaho [Mr. BORAH] a moment ago made mention of the fact that three oil tankers belonging to the Standard Oil Co. happened to be with the American gunboat at the time it was sunk. That brings on more complications. Whether or not that gunboat was providing protection for those Standard Oil ships, I do not know, but I imagine we shall ascertain something definite about that during the day; and, before I forget it, I wish to say that my remarks are not in any sense a criticism of our Secretary of State, because I know he is doing all that it is possible for any person to do, and I think he is one of the best Secretaries of State we have ever had.

In reference to the situation in China, and in particular reference to this Standard Oil business, as Senators know, our British brothers across the seas—who owe us several billion dollars and who will not even pay the interest on it—have been trying to get us to pull their chestnuts out of the fire. They have been doing their best to get us involved over in China. Why so? The British have their hands full with Mr. Mussolini. The British have their hands full with Mr. Hitler. The British have all they can do to keep unsevered their life line which extends from Liverpool southward to Gibraltar, through the Mediterranean, southward through the Suez Canal into the Red Sea and over the Indian Ocean, and onward to their possessions in India, the Straits Settlements, Borneo in the Dutch East Indies, and to Australia.

The PRESIDENT pro tempore. The time of the Senator from North Carolina on the amendment has expired.

Mr. REYNOLDS. I should like to take more time on the bill.

The PRESIDENT pro tempore. The Chair is informed by the clerks that the Senator's time on the bill has been consumed. The question is on agreeing to the amendment reported by the committee.

Mr. JOHNSON of California. Mr. President, I do not wish to take issue with anything that has been said by the Senator from North Carolina [Mr. REYNOLDS]. I want no war. I will go to any length to prevent a war of any sort or a war of any kind; but I do not wish by my silence to yield to the views which have been expressed on this floor at this time. More data will be at hand; we shall be able to judge more accurately within a very brief period.

I will not subscribe to the doctrine that Americans may be shot down if they are in some place where somebody does not want us. I will not subscribe to the idea that a gunboat of America may be blown to pieces because somebody may see fit to take a shot at her and then, subsequently, with tongue in cheek, say that he is "sorry" and apologize. I will not do any of these things; but I will not comment upon this particular incident because I do not believe sufficient facts are at hand. They will be at hand within the day, of course, or within 2 days. Then we may comment

upon them; and when we comment upon them, let us remember that we are Americans, and that we accord protection to American citizens throughout the world.

Mr. REYNOLDS. Mr. President, I desire to offer an amendment. On page 93 I move to strike out the words "and before the expression." I wish to take 15 minutes on the amendment.

As I stated a moment ago, when my time expired on the amendment which was then under discussion, our brothers across the sea, the British, have been endeavoring to get us to pull their chestnuts out of the fire in China; and they have a lot of chestnuts in the fire there. I will venture to say that the British have invested in China today something like \$3,000,000,000. Their investments there have been estimated at anywhere from \$1,500,000,000 to \$4,000,000,000. I believe I am placing a conservative estimate upon their investments when I say they amount to \$3,000,000,000.

In addition to that, Mr. President, as we all know, the British have their interests in the foreign settlements, the International Settlement at Shanghai—Shanghai, the largest city of China; Shanghai, the most prosperous port of China—and in addition to their interests there, the British are the possessors and the owners of the island of Hong Kong, upon which is to be founded the city of Victoria.

To the north of the city of Victoria—or, as it is generally referred to, the city of Hong Kong—we find the city of Canton, which is a very prosperous city of Chinese territory, and I believe is the second largest port in China. At Canton we find that the French and the British have territory constituting what is referred to as the "foreign settlement"; and, as we all know, the British, as a matter of fact, control a very great portion of the trade, not only of Canton but also of Hong Kong. I may add that for many years past the British knew that the time would come when the Japanese would do just exactly what they are now doing—conquer that part or parts of China desired by them in the fulfillment of their long-cherished hope to bring about the establishment of the "empire of the east."

The French are equally interested with the British, because the French have large investments in China, and because, as we know, the French are the rulers of Indochina; and through Indochina, perhaps from Saigon, the capital, many arms, ammunition, and war materials from the British Empire have gone to the armies of the Chinese, whom the British are desirous of helping in order that their investments in China may be protected and preserved and in order that they, the British, may continue to profit by their trade and investments in China.

Mr. ASHURST. Mr. President, will the Senator yield to me?

The PRESIDENT pro tempore. Does the Senator from North Carolina yield to the Senator from Arizona?

Mr. REYNOLDS. I am glad to yield to the Senator from Arizona.

Mr. ASHURST. Mr. President, there is in this world a deadly law of compensation which sooner or later does its perfect work.

It was, I believe, in 1932 that our then Secretary of State, Mr. Stimson, by cable and on the telephone, communicated with Sir John Simon, then Great Britain's Secretary of State for Foreign Affairs, and our Secretary of State then advised Sir John Simon that he, Mr. Stimson, would co-operate with Great Britain in an attempt to stop Japan from overrunning what was then called Manchuria, now Manchukuo. We had very few and scanty vital interests in Asia at that time. Great Britain had enormous vital interests there at that time and the most lamentable breakdown in statesmanship in history was when Sir John Simon, British Secretary of State for Foreign Affairs, failed to support our Secretary of State at that time. While we deplore the damaging and expensive results that may come to Great Britain from the present trouble in Asia, the law of compensation which does its perfect work is now active against British interests because Great Britain refused to support our Secretary of State, Mr. Stimson. Not a gun would have been fired, no expense larger than the cost of a cablegram



to Japan to stop would have been necessary and, if Sir John Simon had sent such cablegram, there would have been peace and tranquillity in Asia.

Mr. REYNOLDS. I thank the Senator for his very valuable contribution. I recall that incident. At that time I was not a Member of this body, but it was either in 1931 or 1932; our Secretary of State was Mr. Stimson. The gentleman in charge of the foreign affairs of the British Government was Sir John Simon.

Mr. ASHURST. Let me say that I join the Senator in his eulogy of our present Secretary of State, Mr. Hull, who has, I believe, done all that could or should be done by any Secretary of State in the circumstances.

Mr. REYNOLDS. He has done everything he possibly could do.

Mr. President, in reference to the matter mentioned a moment ago by my distinguished colleague from Arizona, I will state that it was either in 1931 or 1932 when the Secretary of State of the United States was Mr. Stimson, and the gentleman in charge of foreign affairs of the British Government was Sir John Simon. The Japanese then were engaged in biting off a chunk of China not far from the Russian border, and in the neighborhood of Outer Mongolia. The land that they took was then called Manchuria. We now refer to it as Manchukuo. Manchukuo, in size, equals the combined area of France and Germany, and has a population of approximately 120,000,000.

Our Secretary of State at that time, according to my recollection, wired those in charge of foreign affairs in Great Britain at London, because our Secretary of State knew that what Japan was doing was in violation of the nine-power pact, which pact had been suggested by Great Britain, and which pact was signed by the United States, by Great Britain, by Japan, by China, by Italy, by France, by Belgium, by the Netherlands, and by Portugal. They were the nine. Later, that pact was adhered to, agreed to as evidenced by signatures authorized by Norway, Mexico, and Bolivia; and Secretary Stimson at that time wired those in charge of the foreign affairs of the British Government stating that he would be more than happy to cooperate with them, because there was unquestionably a bold and dastardly violation of that pact.

Mr. ASHURST. Mr. President, will the Senator yield?

Mr. REYNOLDS. I am glad to yield to my friend from Arizona.

Mr. ASHURST. Not only did Secretary Stimson cable, but he horoscoped the future. He foresaw what was going to happen, and he spent a considerable sum of money in telephone calls trying to talk to Sir John Simon in order to point out to him the necessity of standing to his agreement and observing the nine-power pact, advising the British Foreign Secretary what would be the baleful results of a failure to do so. Our Secretary of State, Mr. Stimson, foresaw with crystal clearness just what would happen, but received no support from Great Britain. In fact, Sir John Simon for 2 or 3 days evaded making any reply, and finally declined to cooperate with our Secretary of State, Mr. Stimson.

Mr. REYNOLDS. And just what Stimson thought then would happen did happen.

Mr. PEPPER. Mr. President—

Mr. REYNOLDS. I yield to the Senator from Florida.

Mr. PEPPER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. DUFFY in the chair). Does the Senator from North Carolina yield to the Senator from Florida?

Mr. REYNOLDS. I am delighted to yield.

Mr. PEPPER. I inquire of the Senator from North Carolina what he would suggest may be the ultimate influence upon international stability if by almost unanimous consent we have arrived at a time when treaties, however solemnly arrived at, mean simply what we castigated Germany for declaring in 1914 were "scraps of paper"?

Mr. REYNOLDS. If we are to arrive at a conclusion as to the worth of treaties nowadays on the basis of the experience of the past, they amount to no more than scraps of paper—and why do I say that? I say that because the able

Senator from Arizona [Mr. ASHURST] and I have just discussed the nine-power pact, the consideration of which was held recently in Brussels, Belgium, where the United States was represented by our ambassador at large, Mr. Norman Davis. In connection with that we have had violations of other treaties and other pacts. There was the Briand-Kellogg Pact. There was the Boxer protocol in 1904 which guaranteed that trade routes between inland China and Shanghai should be kept open and clear. Many pacts and agreements have been violated by Japan.

The United States has invested in China today, I venture to say, no more perhaps than \$250,000,000 or \$300,000,000; although in 1935, I am informed, we had about \$450,000,000 or \$500,000,000 invested over there. We do not own any land over there. Unlike the French and unlike the British we have but small interests in China. It is true we are interested in the trade of China. It is very fine territory in which to secure business. China is about two-thirds the size of the United States and has a population of between 400,000,000 and 500,000,000. They wear a great deal of cotton cloth and we want to sell that cotton cloth and other textile products to them, although they themselves are producing considerable cotton. It appears now as though the best portion of China is going to be taken by the Japanese, who have been bombing during the last month the ancient city of Nanking.

I am interested in keeping the United States out of war. The mothers of America are interested in keeping the United States out of war.

We remember—in fact, we cannot forget—that our participation in the World War, at which time we had under arms and in uniform 4,400,000 young men, has cost the taxpayers of America to date \$67,000,000,000 and before we get through paying the terrific cost of that war the taxpayers of this country will be penalized over \$100,000,000,000.

The time has come when we of the United States ought to look after our own affairs, our affairs here at home, and keep our mouths out of other people's business—quarrels. We have enough to do at home, in our own country. What we should do, when Europe is preparing for war and when Asia is already at war, is to turn our eyes southward toward the 125,000,000 people residing within the respective political confines of Mexico, the countries of Central and South America, and those provinces and republics of the West Indies. We should interest ourselves down there in getting trade. Billions of dollars spent in trade annually are now enjoyed by Great Britain, Germany, Italy, the Japanese, and the French.

The first 7 months of this year Japan bought \$53,000,000 worth of cotton from us. In 1935, according to my recollection, the Japanese bought \$115,000,000 worth of cotton from us and they sent back into this country finished textile products to the extent of \$15,000,000. In other words, for every \$115 they gave us of the South, the whole people of the United States gave to Japan \$15. We dislike to lose that business, particularly those of use who live in the cotton-producing States of the United States.

The PRESIDING OFFICER. The time of the Senator from North Carolina has expired.

Mr. REYNOLDS subsequently said: Mr. President, I desire to add to the remarks which I submitted this morning a portion of a telegraphic dispatch to the Philadelphia Record, Philadelphia, Pa., sent from Des Moines, Iowa, under date of October 8, 1937, by one of our colleagues, the Honorable CLYDE L. HERRING, of Iowa, in which he said in part:

If our nationals wish to chase the dollar in war-ridden countries, let them do it at their own risk, but bring our soldiers and ships home.

#### AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

Mr. JOHNSON of Colorado. Mr. President, it is an anticlimax to me to follow the eloquent Senator from North Carolina [Mr. REYNOLDS], especially when he is talking of



the great current problem of the day—foreign relations. I should like to ask the Senate to recur for a few minutes to a discussion of the pending farm bill.

Mr. President, I have listened with rapt attention to the prolonged discussion of the proposed so-called farm bill. It has been intensely interesting to me because most of my life has been spent in agricultural pursuits, either as a producing farmer or as the manager of a farmers' cooperative concerned with the marketing of agricultural commodities.

In other days I gave careful study to the debenture plan that was advanced by the National Grange and followed every step of the McNary-Haugen Act in its turbulent course through the Congress, and was stunned, as were so many farmers, by its veto by the President.

I am familiar with the disaster resulting from the unfortunate efforts of President Hoover's Farm Board. I watched the operations of the A. A. A., rejoiced in its accomplishments, criticized its weaknesses, and regretted its invalidation by the Supreme Court. I observed with great interest the efforts of the Canadian Government to secure farm equity through a government buying and storage program that only was saved from a major disaster by short crops in the United States brought about by a combination of drought and controlled production, and I am familiar with the coffee-storage scheme that had such a tragic, far-reaching, and upsetting effect upon the economic and political life of our good South American neighbor, Brazil.

I know the pride and deep satisfaction of the man who gazes with affection upon his own broad acres and imagines in his weakness that he is master of what he surveys. I know the exhilaration and joys of an outdoor life. I know the hardship that follows a crop failure and the sweet music of raindrops on parched fields. I know the thrill of ploughing a furrow almost as straight as the course of the proverbial crow. I am interested in the farm problem primarily because I am a farmer born and bred. My father before me was a farmer, as was his father, and his ancestors for generations.

In short, while others may draw upon their imaginations to paint a vivid picture of the joys and miseries of farm life, I need but to recall actual experiences to memory.

I am glad that this special session of Congress has been called for the purpose of stabilizing agriculture. No Congress will ever be engaged in a better purpose. Congress has the opportunity to promote the welfare of America in a manner that will make our Nation happy and contented by establishing agriculture on an equitable basis and at the same time eliminating cruel hunger, or it may adopt, in a spirit of impatience and short-sightedness, a policy of agricultural restriction that will inevitably be followed by a national decline.

Indeed America needs above all other things agricultural stability, not only for the welfare of that large group of patient, patriotic producers of food, the men and women on our American farms, but for the welfare of every human in America created with a God-given and a God-imposed appetite for good things to eat.

Members of the Senate do not desire to vote against a farm bill; they do not wish to be misunderstood. Their knowledge of and their sincere sympathy for the farmers' situation is real and not just pretended. They know that when the farmer is prosperous the country will be prosperous. They want the farmers to think that they are striving with all their ability to work out a stubborn, unsolved, ancient problem. They do not want the RECORD to show that they have ever opposed a farm measure, even though the prospect of accomplishing much is not bright. I share that feeling, but at the same time I cannot sit silently and see Congress make what I believe to be a terrible mistake without voicing a vigorous protest. I have heard the able discussion on this bill day after day, and I have reluctantly and sorrowfully reached the realization that its passage in its present form will be the cruelest blow ever dealt America's farmers, America's hungry, and our country's future.

America is studded with sparkling social diamonds in the form of schools from ocean to ocean and from the Gulf to

Canada, but there is hardly a school in this broad land—and I regret to say this—that does not have upon its rolls undernourished children and in the aggregate countless numbers of them. Surveys made by the welfare agencies disclose the startling fact that an unbelievably large percentage of the children of America are undernourished, some through parental ignorance and indifference, but far too many from a shortage in the home of meat and bread and milk. Go out on the streets in any city in America and you will find hungry men and women.

I need not dwell on that sordid picture. Every Senator is familiar with it, and yet we hesitate to deal courageously with it. The enactment into law by Congress of the philosophy of scarcity is wilfully wicked, and especially so since we have been reminded time and time again by our great President—and his statement has never been successfully challenged—that one-third of our population is right now poorly clothed, poorly fed, and poorly housed.

Stripped of all of its high-sounding purposes and noble aspirations, stripped of its words without end, its calculations in higher mathematics and mysterious formulas, just what does the farm bill do? What are its functions? What are its effects? How does it operate? Every Senator should know the correct answers to these fundamental questions.

It deals with tobacco, rice, cotton, corn, and wheat, and indirectly it adversely affects all other agricultural production, especially changing and upsetting present methods of grazing and fattening hogs, cattle, and sheep. I shall not attempt to go into the details of operation of the bill in each of these branches of agriculture, but I do want to point out briefly some of its provisions pertaining to wheat.

For many years I have been interested in the growing, milling, and merchandising of wheat. In fact, I regard myself as somewhat of an expert on the subject. Here are some of the wheat provisions that are bothering me. The top price of wheat is fixed by this bill at a price some place between \$1.15 and \$1.21 per bushel through the automatic liquidation of the supplies in the ever-normal granary. The bottom price for wheat is fixed at 63 cents per bushel by loans that are authorized to be offered at that level.

The bill does not guarantee a parity price for wheat; in fact, for all practical purposes under its "protection to the consumer" provisions, it guarantees that there shall not be a parity price by compelling the Secretary of Agriculture, when such a price has been reached, to call loans secured by wheat, to release stocks of wheat held under seal and stocks of wheat held under marketing quota restrictions, and to dispose of stocks of wheat acquired by the loan corporation. It does not require much imagination to visualize what that method of dumping and forced liquidation will do to the wheat market and the so-called parity price. When the price of wheat even approaches parity, buyers will have a right to become very timid and will be careful to keep the price a little below parity and not cross that deadly line that will bring down upon their heads the flood of wheat in the ever-normal granary.

Another very drastic provision that is hard to understand—the wheat farmer is liable for an excess marketing penalty of approximately 60 cents a bushel for any unfair agricultural practice as designated by the Secretary of Agriculture. In other words, find him guilty of unfair practices and take his wheat away from him, just as is done in Russia.

A referendum is provided wherein the wheat farmer may choose to submit to a restrictive quota; but if one-third of the voters vote against such quota restriction, soil-conservation benefit and parity payments are cut off, and he cannot be given a Government loan on his wheat. In his extremity he must vote for a restrictive quota system, whether he personally likes it or not, or bring that terrible penalty upon all wheat farmers. It will not be voting as we vote in America. It will be like voting in Europe. "Vote, but vote right, or else!"

The bill would require the Secretary to allot a total of 67,400,000 acres for growing wheat among all the counties of America on the basis of the acreage devoted to the production of wheat during the last 10 years. Where does



that place our States and our counties? It denies my State of Colorado and my county of Moffat the privilege of wheat-acreage expansion. The eastern two-thirds of the State of Kansas will be given a permanent right to produce much of America's wheat supply, while Nebraska, Montana, the Dakotas, Colorado, and the great West generally will be permanently held to a low wheat acreage. Unfortunately for us, we stopped trying to grow wheat when the price reached the lows of the last few years, and now our acreage is to be frozen to that abnormal low.

Colorado perhaps would not object so strenuously to fixed quotas and to the freezing of present production experience into a permanent right and privilege to produce if we were given equal protection by fixed frozen quotas on the basis of our present production of cattle, sheep, hogs, potatoes, vegetables, and fruits. To deny Colorado the right to expand on her acreages of wheat or corn, and at the same time permit the rest of the country freedom to expand in the agricultural commodities which we now produce, is manifestly not equitable.

When this Congress announces to the world that we have adopted the spiral form of crop reduction, our foreign competitors will naturally rejoice and plan to expand their agricultural acreages accordingly. When and if this bill passes, I predict that great celebrations will be held in Canada, Mexico, South America, Africa, Australia, India, and, in fact, all over the world. They will celebrate because their foremost competitor has abandoned foreign markets.

Our great transportation systems are going into receivership now because they do not have enough business. What will become of them when 20,000,000 acres are taken out of corn, 10,000,000 acres out of wheat, and 25,000,000 acres out of cotton production?

In my opinion, no farm bill will meet the situation confronting America without incorporating into it these fundamental principles and policies:

First. Give the American market exclusively to the American farmer at a price that will be both fair to him and to the consumer.

Second. Authorize and direct the administration to distribute processed food and clothing to all deserving needy persons in America free.

Third. Provide an ever-normal granary sufficient to protect American consumers against crop failures and emergencies.

Fourth. Make no foolish effort to raise the world price of staple farm commodities by an enforced program of scarcity in America and do not encourage foreign agricultural expansion by a deliberate compulsory restriction of American production and willful abandonment of foreign markets.

Fifth. If a burdensome surplus of a staple farm commodity over and above our current and probable future need be produced, prorate such surplus to the farmers producing it and offer it on the world market at a price that will be acceptable, or, if conditions and circumstances warrant, dispose of it for foreign charity, but dispose of it.

In conclusion, I am compelled to say that the pending bill is contrary to every American tradition and is decidedly un-American both as to the agricultural policies and the administrative methods which it adopts. It is built upon the foundation of the wicked and false philosophy of the economy of scarcity. It deceives the farmers, who think they are to receive parity prices, while the bill actually contains no provisions for the payment of parity prices. The bill juggles the funds of the conservation program without giving the farmer additional benefits. It does, however, give him additional regulations with which he must comply to be eligible to receive the benefits already being given him under the Soil Conservation Act; in short, no additional revenue and no additional price, but many additional bureaucratic regulations.

It takes 55 percent of the conservation funds that now go to the farmers of Colorado and other States and uses these funds to make parity payments to cotton, wheat, and corn farmers. The potato, fruit, and vegetable farmers are penalized under the bill, because they lose 55 percent of the soil-conservation funds now available to them.

I have heard it stated in the cloak rooms many times that the bill will be rewritten in the conference room. I most sincerely hope that it will be rewritten.

My colleagues, I plead with you in the name of the American farmers, the American railroads, merchants and businessmen, the American unemployed, and the American undernourished to rewrite this bill. In the name of the more abundant life, the symbol of this administration, we must rewrite this bill.

The PRESIDING OFFICER (Mr. DUFFY in the chair). The question is on agreeing to the amendment proposed by the Senator from North Carolina to the amendment of the committee.

Mr. AUSTIN. Mr. President, may the amendment be stated?

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 93, line 7, after the word "made", it is proposed to strike out the words "and before the expression."

The amendment to the amendment was rejected.

Mr. PEPPER. Mr. President, if it is in order at this time, and I think it is, I should like to have stated an amendment I have lying on the desk, to appear at the end of the committee amendment on page 94, between lines 3 and 4. I will appreciate having the amendment stated.

Mr. BARKLEY. Will not the Senator withhold his amendment a moment? We have not yet acted on the committee amendment to which the Senator from North Carolina proposed his amendment.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment starting with line 5, page 93, and going through line 3 on page 94.

Mr. AUSTIN. Mr. President, I wish to ask a question about one phrase in the amendment before it is voted on.

The PRESIDING OFFICER. If there is to be debate, the Senator from Florida will be recognized, as he had addressed the chair.

Mr. PEPPER. Mr. President, does the Senator from Vermont have in mind discussing the amendment on page 93?

Mr. AUSTIN. I have no intention of taking the floor to discuss it; I wish to ask the sponsors of the bill a question.

Mr. PEPPER. I will be glad to yield until the Senator may complete his inquiry.

Mr. AUSTIN. Apparently this is an unfortunate time to ask the question. If the intention is to keep the question open until after the Senator from Florida shall have addressed the Senate, I am willing to wait until he shall have concluded.

Mr. BARKLEY. Is the Senator from Florida proposing an amendment to the committee amendment?

Mr. PEPPER. Yes; on page 94.

Mr. BARKLEY. If that is so, then the committee amendment should not be acted on until after the Senator's amendment may be acted on.

Mr. PEPPER. If the amendment I propose is germane, I should like to have it in the nature of an addition, under a different subhead, so it would be appropriate to go ahead on the committee amendment.

Mr. BARKLEY. If it is on a new subject, and is a new section or paragraph, it would not necessarily be an amendment to the committee amendment.

The PRESIDING OFFICER. The Chair understood the Senator from Florida to state that the amendment would not come at any point in the bill now designated as a committee amendment.

Mr. PEPPER. I thought the pertinent place was between lines 3 and 4 on page 94, but there is no reason why the previous matter should be held up, and I am willing to defer proffering the amendment until the matter on page 93 can be disposed of.

Mr. AUSTIN. I will ask my question, then, and perhaps someone can answer it.

Starting at line 9, on page 93, the text reads, "In determining the amount of any payment or grant measured by,"



which means that the amendment proposed would change the Soil Conservation Act so that the payments or benefits under a contract made with the Government would be determined in part or measured by the following subsection provisions. One of them is as follows:

(c) In order to provide adequately for domestic consumption and exports of any one or more agricultural commodities and to effectuate the purposes specified in section 7 (a), and the value of the production of such commodity or group of commodities on such national acreage on the basis of average values for the 10 years immediately preceding the year in which such payment is determined.

My question is, Do the proponents of the bill intend to provide for a conflict here with the other parts of the bill which made the comparison with respect to corn and wheat with values during a base period between 1909 and 1914 and values in certain other years with respect to tobacco? I should like to have an explanation of this yardstick, for this is one of the yardsticks by which it is proposed to measure the payments which hereafter shall be made under the soil-conservation agreements.

What is the difference? What is the purpose? Are we now about to change the measure of those payments? If we are, we ought to understand it. It is an extremely important thing. We have tried the Soil Conservation Act with remarkable benefit to the country, and I do not like to proceed to amend it in an essential provision like this, the measurement of the payments thereunder to be made without knowing what I am doing; and I confess that on reading this I cannot tell what is meant. That is why I ask the question.

Mr. BANKHEAD. Mr. President, in answer to the Senator, if I can make a satisfactory answer to him, in the first place, I am not the sponsor of this formula and I have an amendment to suggest to the formula. I think it is proper that I should make that statement in the beginning. But I shall endeavor to answer as best I can, because the Senator's question is asked in good faith, and is a proper question.

The formula was prepared by the Department of Agriculture and sent to the committee, and it grows out of the constant controversy between producers of different commodities as to a proper division of the money available under the Soil Conservation Act. The Soil Conservation Act authorizes an appropriation of a fixed sum of money, \$500,000,000. It sets up different purposes for which the money may be expended, carrying out the soil-conservation and soil-building program. The Senator is familiar with that, and, as I understand, he just spoke in a commendatory way of the Soil Conservation Act itself. I was one of the joint authors of the act, and I am proud of it, too. But that act does not go into detail, nor does it set up a formula for the division of the money.

Mr. AUSTIN. Mr. President, will the Senator yield for a question at that point?

Mr. BANKHEAD. I yield.

Mr. AUSTIN. I hope it will not disturb the Senator.

Mr. BANKHEAD. Not at all.

Mr. AUSTIN. When the Senator makes the statement that it does not set up a formula I ask him if he regards what appears on page 160 of the laws relating to agriculture as a formula.

Mr. BANKHEAD. Is that the Soil Conservation and Domestic Allotment Act?

Mr. AUSTIN. Yes.

Mr. BANKHEAD. I have not it before me.

Mr. AUSTIN. Let me read:

Subject to the limitations provided in subsection (a) of this section, the Secretary shall have power to carry out the purposes specified in clauses \* \* \* by making payments and grants \* \* \* measured by (1) their treatment or use of their land, or a part thereof, for soil restoration, soil conservation, or the prevention of erosion, (2) changes in the use of their land, (3) a percentage of their normal production of any one or more agricultural commodities—

And so forth, and so forth, and so forth.

I ask the Senator, does he not regard that as the formula which heretofore the Secretary was bound to employ in

measuring the amount of grants and payments under that law?

Mr. BANKHEAD. Mr. President, that does not state what percentage shall be given each of the factors, if they may be so termed, mentioned in the act. I do not regard that as a formula for a division of the money. It seems to me to be intended to specify activities in which the Soil Conservation Administration is directed to participate, rather than saying, for instance, what part of the money shall be spent on the potato growers, or what percentage of it shall be spent in the interest of promoting dairying or some of the basic commodities; and, as a result, it is my information that the producers of practically every commodity, or at least a number of them, have been criticizing the Department on the ground that they felt that the Secretary was not giving them a fair division of the money. Consequently, of course, that puts anybody vested with discretion on the spot, because, however fair he may try to be and however fair he may be, it is difficult to convince anyone who is interested that that is so. Therefore, if a suitable formula can be worked out, it would be well to work it out, and thereby indicate at least to the Secretary what the intention of the Congress is with respect to the division of this appropriation.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. AUSTIN. As I understand what the Senator from Alabama has so well stated, it is that this is a new element introduced into the old formula. That is to say, the old formula provided for measurement of payments to an individual farm or farmer but did not undertake to prescribe the formula by which the amounts were to be allotted as between commodities. Is that the meaning of this amendment?

Mr. BANKHEAD. Not entirely; no. We could not well fix the amount that would go to each farmer without having some general knowledge of the amount of the commodity that at that time primarily would be produced. On the other hand, we could not fix the general amount without taking into consideration the number of farms engaged in that particular work, and further elements, such as the value of the production and the necessity for rotating crops in order to restore land and give it an opportunity to rebuild its fertility in different ways. So there are numerous elements involved, both in the individual farm allotment and in the amount to be apportioned to specific crops.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. AUSTIN. I can see quite plainly the benefit that may arise from a formula with reference to the division between tobacco and potatoes, for example; and yet I cannot see how an additional provision of this character is needed in view of the fact that the Secretary of Agriculture heretofore has been able to operate under the old formula without any apparent inequity or difficulty as between farmers. There may have been some experience as between commodities about which I know nothing which requires some legislation. If that is what this amendment means, I have no objection to it.

Mr. BANKHEAD. The Senator observes that the elements in the formula are very largely based upon acreage. No. 1 is the national acreage required to be devoted to the group of crops and No. 2 is the normal average acreage devoted to the production of such commodity during the 10-year period.

Those are the two chief factors which clearly indicate that the Department had in mind in submitting the amendment the quantity of acreage and the volume of production, and elements of that sort which are entirely different from a plan or formula dealing with a specific farm.

As I stated in the beginning, this formula was submitted by the Department because, I assume, they are hunting for some sort of relief from the pressure that has been brought by different groups and different sections and different areas with respect to the volume of work to be done in their communities and their sections under the soil-conservation program. This is an amendment, as the Senator from Vermont



properly noted, to the Soil Conservation Act. It applies to the administration of the entire soil-conservation program, and is not confined to the basic crops covered by this bill.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. LA FOLLETTE. If that is true, can the Senator tell us how this amendment, if adopted, will change the policy under the Soil Conservation Act? Can he give us some approximation of its effect?

Mr. BANKHEAD. Mr. President, I referred to the Senator from Vermont [Mr. AUSTIN] largely because others on the committee who have handled this matter are not here. I know in a general way, however, that what I have stated covers the situation so far as I have stated it.

Mr. LA FOLLETTE. If the Senator is correct in his statement that this amendment modifies the whole policy—

Mr. BANKHEAD. Mr. President, I did not say it modifies the policy. I say it fixes the policy. It takes the pressure off the Department.

Mr. LA FOLLETTE. Yes; but if it fixes the policy with regard to the entire Soil Conservation Act, then I think it is very important that the Senate should know the effect of the amendment before we are called on to vote on it.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield the floor.

Mr. ELLENDER. I would say to the Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from Vermont [Mr. AUSTIN] that the present method of making allocations under the Soil Conservation Act is defined in the act in rather general language, but in the administration of the act a formula has been adopted which consists of taking into consideration four different factors: First, one-fourth of the allotment is based on the number of acres in each crop; second, one-fourth of the allotment is based on the value of the crops grown on said acreage; third, one-fourth of the allotment is based on the number of acres by which the acreage was less than the average acreage for the past 10-year period; that is, the diverted acreage; and fourth, one-quarter on the value of the crops on that diverted acreage.

If Senators will examine the language beginning in line 9 on page 93, and ending in line 3 on page 94, they will find that the amendment under consideration writes into the law the more specific provisions of the formula which has been adopted in the administration of the law and combines factors one and two which I have just mentioned, and factors three and four. That is the only thing that has been done. I am informed by the Department that the method of allocating funds provided by this formula will not in any manner change the present method of allocation with respect to other crops.

Mr. AUSTIN. Mr. President, will the Senator yield to me for a question?

Mr. ELLENDER. I yield.

Mr. AUSTIN. Does the Senator from Louisiana believe that this amendment on pages 93 and 94 of the pending bill is directed solely at the division to be made or allotment to be made as between commodities, such as potatoes, tobacco, and such things, and that it is not directed at the amounts of payments or grants to be made to individual farmers?

Mr. ELLENDER. As I understand it, and as has been explained to me by the Department, it is as follows: Item 4, beginning in line 22, page 92, adds another factor which is to be used in measuring the payments on individual farms. The amendment beginning in line 9, on page 93, specifies the method to be used in allocating funds among the commodities. The funds thus allocated to each commodity would be used in determining the rate of payment which will apply in computing payments for individual farms under item 4, which, as I have mentioned, begins in line 22, on page 92.

Mr. AUSTIN. To what section does the Senator refer?

Mr. ELLENDER. I do not have the act before me, but we are now considering amendments to section 8 of the act.

Mr. POPE. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. POPE. The fact that 55 percent of the soil-conservation appropriation will go to the three commodities of corn,

wheat, and cotton, and the balance of 45 percent will be used for soil-conservation payments on all other commodities made necessary the adoption of the formula here in order, as the Senator from Vermont said a few moments ago, that each individual farm or commodity should have the same payments that are now being given to it. The only reason for this change is, as before indicated, that in dividing up the amount of the appropriation this change was necessary to continue the same sort of payments to all the other commodities which are now being made.

Mr. AUSTIN. Mr. President, I thank both the Senators for what they have stated. I have been unable to find in the Soil Conservation Act that provision to which the Senator from Louisiana refers. Probably it is there, but I am unable to find that formula. The formula I find is expressed in section 8 (b).

Mr. ELLENDER. Section 8 (b); yes.

Mr. AUSTIN. That does not refer to one-fourth of this and one-fourth of that. It refers to principles, and says that it shall be measured by, (1) their treatment or use of their land, and so forth; (2) changes in the use of their land; and (3) a percentage in the use of their production, and so forth.

Mr. ELLENDER. And four?

Mr. AUSTIN. And 4, which is stricken out already, did provide any combination of the four. Now we have amended that so that it is measured by an equitable share of something. Those are numerals. They are not fractions of the total.

Mr. ELLENDER. I understand that, Senator; but following the principles set forth the Secretary has used four factors, and in allocating funds among the commodities the Secretary has given a one-fourth weight to each of them. That is how that happens.

Mr. AUSTIN. Then I cannot see what benefit is to accrue to the public from a combination of Nos. 1 and 2 in one provision and Nos. 3 and 4 in another. In fact, I doubt very much whether the student of that amendment that we are now considering would apply it to farm payments. I doubt very much if the amendment expresses what the Senator from Louisiana desires to obtain, for it starts off with the words:

In determining the amount of any payment or grant.

And I think that if it refers to the division or allotment as between commodities or goods that it should start out with the words "in determining the proportion of any allotment to any commodities."

Mr. ELLENDER. Mr. President, if the Senator from Vermont will read on line 11, page 93, under "(1)," he will note that there is a combination under that section, up to line 21, of the two factors I mentioned a few minutes ago. Beginning with "(2)", on line 21, page 93, and ending with line 3, on page 94, there is a combination of the other two factors I have just mentioned.

As I stated, the purpose is to substitute specific language for general language, and I am informed by the Department that this combination will in no manner affect the present method of allocating funds for crops other than those mentioned in the bill.

Mr. AUSTIN. Mr. President, from reading or from listening to the very learned elucidation of the amendment, I cannot see any earthly use for its adoption.

Mr. ELLENDER. Mr. President, I have an amendment to offer on line 21, page 93, which I should like to have stated at this time. The amendment is to clarify the committee amendment in one particular. It is to be inserted after the words "average acreage."

The PRESIDING OFFICER (Mr. BROWN of Michigan in the chair). The amendment offered by the Senator from Louisiana to the amendment reported by the committee will be stated.

The CHIEF CLERK. On page 93, line 21, after the word "acreage", it is proposed to insert a comma and the following:

Including in the applicable years acreages diverted from such production because of agricultural adjustment and soil-conservation programs.



Mr. GEORGE. Mr. President, I should like to have the Senator from Louisiana explain the purpose of that amendment.

Mr. ELLENDER. Mr. President, if the Senator from Georgia will refer to the bill, on line 21, the committee amendment states:

The national average acreage devoted to the production of such commodity.

What the amendment proposes is to add such acreage as may in the past have been diverted. The Senator well knows that quite a number of farmers followed the rules and regulations of the Soil Conservation Act, and diverted acreage and received benefits, whereas others did not. They found it more profitable to plant diverted acres in violation of the Soil Conservation Act. The purpose of this amendment is to put them all on the same footing, so that those farmers who followed the law will not be penalized.

Mr. GEORGE. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. PEPPER. Mr. President, I desire to offer an amendment.

The PRESIDING OFFICER. Is the Senator's amendment to the committee amendment on page 93?

Mr. PEPPER. No; my amendment will come between lines 3 and 4 on page 94.

The PRESIDING OFFICER. The Chair is advised that the amendment would not be in order at that point at this time. It would have to be offered as an amendment to the committee amendment.

Mr. PEPPER. If I offer it in that way, can it be considered at the present time?

The PRESIDING OFFICER. Yes; it will be the pending question.

Mr. PEPPER. Very well; I offer the amendment to the committee amendment and ask that it be stated.

The CHIEF CLERK. As a part of the committee amendment, on page 94, after line 3, it is proposed to insert the following:

(k) Congress recognizes the insecurity which those engaged in agriculture and horticulture experience on account of hazards of weather to which their crops are subject and desires to do everything possible to diminish such hazards and to stabilize agricultural yield against such hazards. Therefore the Secretary of Agriculture is authorized and directed to set aside and use, out of any sums appropriated for the purposes of the Soil Conservation and Domestic Allotment Act, as amended, the sum of \$150,000 annually, or so much thereof as may be required until such study is completed, in making a study of a feasible and practicable plan of crop insurance for fruits, vegetables, and other crops particularly subject to the hazards of weather, and to report his findings and recommendations with respect to such plan of crop insurance to the Congress at the earliest practicable date.

Mr. BANKHEAD. Mr. President, a parliamentary inquiry. Has the committee amendment on page 93, as amended, been acted upon?

The PRESIDING OFFICER. It has not been.

Mr. BANKHEAD. I submit to the Senator from Florida that we ought to have that amendment acted on, because his amendment is not germane to this one. Then he may present his amendment.

The PRESIDING OFFICER. The Chair is advised that the amendment of the Senator from Florida could not be placed at any other position in the bill.

Mr. BANKHEAD. I ask unanimous consent that the Senator from Florida may have the privilege of offering his amendment as soon as the committee amendment has been disposed of.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The question is on agreeing to the amendment of the committee, as amended. Without objection, the amendment as amended is agreed to.

Mr. AUSTIN. Mr. President, I wish to register my objection to it.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

Mr. PEPPER. Mr. President, I was one of those who gladly concurred in the call of the President for a special session of the Congress in aid of agriculture, because I felt that this was an opportunity for the Congress, with the attention of the country directed to the problem of agriculture, to make some substantial and fundamental achievement toward the solution of the pressing agricultural problem. I also entertained that view because Florida is an agricultural State to an extent not generally appreciated.

I desire to read just two short paragraphs from the Canadian Geographical Journal for November 1937, which carries, on page 263, an interesting synopsis of the agricultural activities of Florida.

Reading from that article, I observe the following:

Its agricultural and horticultural operations are scattered from the Perdido River on its western border to the lime groves of Monroe County, a distance via Alabama and Georgia State lines and the Atlantic Ocean of 900 miles. There are now 72,857 farms, which are increasing in number at the rate of 115 farms per month. More than 100 kinds of productive soils are known and classified, on which are grown practically every crop known to temperate, semitropical, and tropical zones.

Approximately 100 or our crops are commercial. According to daily accurate records kept by the State marketing bureau, Florida produced during the 1936-37 season an equivalent of 163,000 cars of fruits and vegetables with a gross value of \$108,000,000. These figures include 102,827 carloads of citrus fruits, with a gross value of \$68,838,000.

The total agricultural investment in Florida is approximately \$800,000,000. Its gross income during the 1936-37 season was \$160,000,000.

In addition to that, from the Blue Book of Southern Progress, published in 1937 by the Manufacturers' Record Publishing Co., it appears that the South's total farm-crop acreage in 1900 was 97,423,000. In 1936 it was 117,267,200. Of those acres, Florida had in cultivation 1,459,800 in 1936.

In 1936, of the value of all southern farm crops, amounting to \$2,437,227,000, Florida—without citrus being included—had \$85,018,000 in yield value, but in the value of farm commercial crops of a truck character Florida led the whole South, her products in 1936 having a gross value of \$24,143,000, of a total of \$68,784,000 for the entire South, consisting, I believe, of some 15 different States.

For that reason, Mr. President, we are vitally interested in the question of agriculture and such relief as may be available for that great industry.

Also, it may not be generally known that our agricultural interest covers, generally speaking, these subjects:

Corn, cotton, hay, potatoes, tobacco, oranges, sweetpotatoes, tomatoes, peanuts, grapes, soybeans, lettuce, strawberries, peas, grapefruit, sugarcane, cabbage, beans, celery, onions, cantaloups, velvetbeans, cowpeas, cane sirup, sweet corn, dry field peas, watermelons, cucumbers, cauliflower, pecans, peppers, artichokes, beets, and eggplant.

Mr. President, some days ago, when we were just entering upon the question of agricultural relief, I humbly expressed the opinion that the public was expecting the Congress to make some fundamental approach to this problem.

I have not been altogether pleased by the restrictions which the bill has imposed upon agricultural production. A good many fears enter my mind as to the condition in which we may find ourselves in the future if we go too rigidly into crop control.

I have a great degree of sympathy for the views which were so ably and so eloquently expressed by the senior Senator from Idaho [Mr. BORAH] in giving recognition to the need for the widest possible distribution of our agricultural commodities so that the largest possible number of persons will be able to enjoy them; and I do not want ever, at any time, to adopt here, even for the protection of the farmer, a policy which will to an excessive degree limit the ability and the capacity of the needy consumers of the country to have the food and the clothing to which they are entitled.

However, I am willing to yield my judgment to that of Senators who are better informed than I am on this subject. I know the committee have made a conscientious effort to bring out a farm bill which will have a very great degree of relief about it. I know they have labored diligently and



very honestly in their efforts to prepare this bill. Of course the public at large is somewhat in doubt as to why they picked out only five commodities, and did not extend their agricultural relief to all commodities.

I have before me a list of 67 different farm commodities, each one of which was grown in this country in 1935-36 in quantity yield in excess of \$114,000, ranging from kale, with \$114,000 yield in the year 1935-36, up to corn, with a yield of \$1,509,000,000 in the same period.

We here in the Congress know that the five commodities dealt with by the bill have been selected because of the fact that the prices of those commodities have suffered a greater disparity in relation to industrial wages than have the other crops I have just mentioned. For example, on page 5 of the publication of the United States Department of Agriculture for October 1937 the indexes of the various commodities in relation to the yield of industrial workers are shown, and the disparity is greater with grain and cotton products than it is with fruits and vegetables and other crops. Nevertheless, fruits and vegetables are subject to certain hazards to which the other crops are not subject. I have before me regrettable evidence of that fact, because during the past few days a cold wave has reached the agricultural and the truck-growing section of Florida. I have, for instance, a letter which says to me:

As you have seen by the papers, the vegetable crops in the Lake region were wiped out by the recent frost.

I have a telegram which tells me that the county agent advises that the cold in the past two nights caused 10 percent damage to vegetables in a certain county.

I have another telegram which says that 85 percent loss occurred in the immediate vicinity of another section on account of the cold damage to truck crops in that area.

That, together with my knowledge of the subject, leads me to believe that we cannot afford—and what I say is no less true of other States than of Florida—to let the Senate pass this farm bill without doing something fundamental toward crop insurance.

I desire to commend here, as I previously have, the able junior Senator from Idaho [Mr. POPE] for the initiative and enterprise which he has shown in respect to the fundamental question of crop insurance. I think the Congress has dealt with no question which shall longer or more gratefully be remembered than the question of crop insurance in relation to agriculture, because I know what a terrible toll crop hazards are taking every year from the toil of the farmers. As evidenced by the statement made on the floor of the Senate by the junior Senator from Idaho [Mr. POPE] the farmers, while the hearings before the Committee on Agriculture and Forestry were being held, expressed even a larger and greater enthusiasm for crop insurance than they did for crop control. So I commend the junior Senator from Idaho for the fine work he has done in respect to this important subject.

I wish it were possible for us, at the present session and in the present bill, to do something substantial in the way of a general provision for crop insurance. I wish the committee were able at this time to write language into the bill which would be adequate to cover the subject of crop insurance, but I do not believe it is fair to expect them to do that with the information they now have at hand. The Department of Agriculture have given us advice that they have not yet accumulated sufficient information. They do not yet have adequate data to devise a practical and feasible plan of crop insurance. Therefore, Mr. President, my amendment is designed for the purpose of supplying that deficiency of information.

I remind Senators that in the last session I was the author of Senate resolution 108 which was passed by the Senate and which directed the Secretary of Agriculture to make a study of a plan of crop insurance for fruits and vegetables and to report that plan back to the Senate at the earliest practicable time. From the files of the Senate Committee on Agriculture and Forestry I have the response of the Secretary with reference to that resolution, in which he advises that it will take some time to procure the information, that it will require a statistical staff to devote itself to its pro-

curement, and that he has no fund presently appropriated to enable him to do it. Hence I have offered the pending amendment which is designed to afford the Secretary a fund of not to exceed \$150,000 a year, with the direction to the Secretary to use so much of that fund as may be required to make a study "of a feasible and practical plan of crop insurance for fruits and vegetables and other crops particularly subject to the hazards of weather, and to report his findings and recommendations with respect to such plan of crop insurance to the Congress at the earliest practicable date."

The funds for that appropriation are to be deducted from the appropriation already made for soil-conservation payments. What better use could possibly be made of that relatively small amount of money than to allow the Secretary to make an intelligent and sustained investigation of a feasible and practical plan for crop insurance? I may say that I have conferred with Department of Agriculture officials who are cognizant of the subject. They are cognizant of the amendment and they give their hearty approval to it. I believe, if we incorporate the amendment in the bill, we will be able to return to the people, the apple growers of New York, the Middle West, and the other sections of the country, the citrus growers of the South, the vegetable producers of the entire country, and tell them that we have in this bill a sensible and intelligent approach to a practical and feasible plan for crop insurance. I believe we will live to see the day when we will harken back to the beginning of crop insurance made in this bill and say it was one of the substantial achievements of this Congress.

Mr. MCGILL. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. MCGILL. Would the Senator be willing to modify his amendment so as to eliminate the words "annually until such investigation is complete"? In other words, would the Senator be willing to limit his amendment to one appropriation of \$150,000 and depend upon future Congresses to make such additional appropriations as might appear to be necessary?

Mr. PEPPER. Mr. President, I do not want the Senator to misunderstand my declination to accept that suggestion. I decline to adopt the suggestion, because there again we have indicated to the country that we are through dealing with the subject for some time. If we do not believe in the subject and do not believe something real and substantial should be done, as the Senator from Oregon [Mr. McNARY] and many other Senators have been contending for a long time, then let us abandon it. If we approve of it, let us enable the Secretary of Agriculture to carry on a sensible and continued program dealing with the subject, but place it entirely within his discretion as to how much of this money he shall spend.

The PRESIDING OFFICER. The time of the Senator from Florida on the amendment has expired.

#### SINKING OF THE UNITED STATES GUNBOAT "PANAY"

Mr. WALSH. Mr. President, I desire to call the attention of the Senate to two matters which are of some urgency. First, I desire to present a statement furnished by the Navy Department to the Senate Committee on Naval Affairs concerning the bombing of the United States gunboat *Panay* by the Japanese. I am also presenting some figures from the Navy Department which set forth the number of naval personnel in China.

The statement from the Navy Department is as follows:

The U. S. S. *Panay*, a gunboat of 450 tons displacement, placed in service September 10, 1928, at an approximate cost of \$260,000, a unit of the Yangtze patrol, United States Asiatic Fleet, has occupied a station at Nanking during recent months to afford refuge and protection to the United States Embassy and staff and United States citizens in Nanking.

On December 8, that part of the Embassy staff which had not accompanied the Embassy to Hankow, evacuated the Embassy and took refuge on the *Panay*. Nine other United States citizens also sought safety on board the *Panay*. On December 12, the *Panay* moved up the Yangtze River in order to get clear of the attack area. At about 1:30 p. m., Sunday, December 12, the *Panay* and three tankers of the Standard Oil Co. of New York were attacked by Japanese bombing planes. This occurred at about 27 miles up the river from Nanking, near the town of Hohsien. The *Panay* was sunk and the tankers sunk or set on fire.



First reports indicated that 54 survivors had reached shore, including the four members of the Embassy staff, the captain and executive officer, both of whom were injured; and that one enlisted man had been killed.

The commander in chief, Asiatic Fleet, will report names of survivors as soon as possible and estimates that there are about six more unaccounted for from the *Panay* and the three Standard Oil ships. The *H. M. S. Bee*, steaming from Wuhu, the nearest large city upriver, has arrived at Hohsien and is endeavoring to find and assist the survivors. The *U. S. S. Oahu*, also a gunboat of the Yangtze patrol, is on her way down the river from Kinkiang and expects to arrive on the morning of the 14th (Tuesday).

The Japanese commander in chief, Admiral Hasegawa, at Shanghai, has instructed the Japanese gunboat *Hozu* to proceed from Nanking to assist, and also plans to send a seaplane with a surgeon and medical supplies.

Ships of the Yangtze patrol and other naval vessels at various points in the present disturbed area are so stationed in accordance with Navy regulations for the protection of American lives and property. Other nations with similar interests in China maintain the same practice as regards naval vessels in that area.

Let me add some information that the press has not heretofore carried: The Japanese bombed at least one English gunboat and two English merchant ships, killing one English sailor and injuring several others.

I think the bombing of the English naval and merchant vessels took place first, and that these vessels were located approximately 7 to 10 miles from the American gunboat that was bombed later by the Japanese airplanes.

Mr. President, that is all the information I have on that subject. I now desire to turn to another subject.

Mr. MINTON. Mr. President, before the Senator leaves that subject may I ask him to yield to me?

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Indiana?

Mr. WALSH. I yield.

Mr. MINTON. It has been intimated on the floor that the *Panay* was up the Yangtze River to protect the oil tankers of the Standard Oil Co. Does the Senator have any information to bear out that insinuation?

Mr. WALSH. I only know what is contained in the statement which I have just read, to the effect that representatives of the American Embassy had sought refuge on the gunboat and also six other American citizens. It undoubtedly was in the vicinity of and near the Standard Oil tankers, and I understand these tankers had refugees on board. It is quite possible the tankers were accompanying the *Panay* for protection.

Mr. MINTON. The Department did not advise the Senator that the gunboats were up there for the purpose of protecting the Standard Oil vessels?

Mr. WALSH. I have no such information.

Mr. MINTON. I thank the Senator.

Mr. WALSH. The Navy personnel in China is as follows:

A. On ships:	
a. North China	2,461
b. South China	393
Total afloat	2,854
B. Shore stations (and with Marines)	96
Total naval personnel	2,950
MARINES	
At Shanghai	2,586
At Peiping	528
Total Marines ashore	3,114
Marines afloat (ships)	167
Total Marines	3,281
Total all naval personnel in China	6,231

#### FIXING OF MINIMUM PRICES BY BITUMINOUS COAL COMMISSION

Mr. WALSH. Mr. President, I desire to invite attention to the new minimum prices of bituminous coal which have been promulgated by the National Bituminous Coal Commission and which are in the main very much higher than have heretofore prevailed.

The increased prices impose new burdens upon the railroads and upon industry and indeed upon almost all the consumers of coal and will result in increasing the Nation's annual bills by hundreds of millions of dollars. One educational institution in my State estimates that the increased cost placed upon them by reason of this increased price will be

\$10,000 per year. It is estimated the increased costs to the railroads and other large industrial consumers will run into hundreds of millions.

These increase prices have been decreed by the Commission without any public hearings and without any disclosure of the facts or the figures upon which the Commission bases its orders, and without any apparent justification in the absence of detailed information.

They were issued only a few days ago and are scheduled to become effective within a week. When various consumers of the country protested and requested a hearing, the Commission, I understand, agreed to grant a hearing in the future; but when request was made that the order increasing the rates be suspended until after the hearing, that request up to this hour has been refused.

The publication of the Commission's orders, scheduled to be effective next Thursday, December 16, has precipitated an avalanche of protests from consumers of coal in New England and elsewhere throughout the Nation, and, indeed, many of the producers of coal are protesting and challenging the higher price schedules which the Commission is now undertaking to impose. It is alleged that the prices in many cases are excessive and discriminatory and ruinous and utterly without warrant.

It is pertinent to note that included among the vigorous and sweeping criticisms and protests are those of the consumer's counsel division of the Commission itself, a division which Congress expressly provided for in the act creating the Commission, for the express purpose of safeguarding the consumers of coal from excessive prices and to protect in all respects the consumers' interests.

It is perfectly apparent that the course which the Commission has elected to follow in itself fixing minimum prices in secret and undertaking to put them into effect on short notice, without any advance hearings is wholly contrary to the intent and spirit of the act and very possibly is contrary to the letter of the law—although as to that, it is for the courts to say.

I see no occasion for such arbitrary and precipitate action and can conceive of no possible justification of it. The conditions within the bituminous coal industry which the Commission was designed to remedy have been of long standing. Government price fixing in this highly competitive industry, to be applicable to endless varieties of coal produced in dozens of different coal fields under widely varying conditions, is at best a proposition of great complexity and of far-reaching consequences.

The Commission can have no valid excuse for hasty and arbitrary action. No harm will be done by postponing the effective date of the new schedules pending public hearings and full opportunity for full examination and for correction of inequities. Simple justice clearly requires such a course.

I find it hard to believe that the Commission will persist in its present refusal to postpone the effective date and defer the operation of the new price schedules.

If, however, the Commission does persist in this refusal, I look to see not only injunction suits and other proceedings in the courts but also intervention by Congress, by whatever means seems most appropriate, to curb the Commission and to obtain the relief for the consumers which the Commission is indisposed to accord.

Congress enacted the Bituminous Coal Conservation Act after considerable controversy and with a good deal of reluctance. Unless the Commission adopts a very different policy and pursues very different methods, in my opinion there will be great agitation and demand for repeal of the law and abolition of the Commission will be in order.

Mr. President, I am addressing the Senate at this time in order that the views expressed here may find a response in the Senate of the United States and in the hope and expectation that the Commission will not continue, as it has up to the present hour done, to enforce the order increasing the price of bituminous coal, which in many sections of the country will amount to at least 50 cents per ton of an increase. I sincerely hope that for the sake of orderly procedure and for the sake of not putting the Congress of the



United States in the position of passing a law increasing prices by a bureau without a public hearing on any commodity, the Commission will grant a hearing before taking action.

Mr. GUFFEY. Mr. President, will the Senator yield?

Mr. WALSH. I yield.

Mr. GUFFEY. Has the Senator communicated with the Bituminous Coal Commission?

Mr. WALSH. I have communicated with the consumers' counsel.

Mr. GUFFEY. I asked the Senator whether he had communicated with the Bituminous Coal Commission.

Mr. WALSH. I have not; I have communicated with the officer appointed by law, who is the representative and protector of the consumers.

Mr. GUFFEY. But the Senator has not asked the Coal Commission about their position?

Mr. WALSH. I learned from this gentleman what the position of the Commission was and the attitude of the Commission.

Mr. GUFFEY. That is all I wanted to know.

Mr. WALSH. I have heard from him and other consumers as to what their position was.

Mr. GUFFEY. I think they are entitled to be asked.

#### AGRICULTURAL RELIEF

The Senate resumed the consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

Mr. HAYDEN. Mr. President, I ask to correct a table entitled "Cotton statistics relative to Senate bill 2787," which appears on page 1318 of the CONGRESSIONAL RECORD of December 11. There is an error in the final column. The total of that column, which indicates that the increased number of bales of cotton which is added to the national quota of 10,090,000 bales would be 393,000 bales, whereas a correct addition of the column shows the figure to be 520,000, or an increase of 127,000 bales, thereby making the correct allotment for the entire country 10,609,000 bales of cotton.

After this mistake was brought to my attention, I communicated with the officials of the Department of Agriculture, who prepared the table. They have submitted a corrected tabulation, which I ask unanimous consent to have printed in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Cotton statistics relating to S. 2787

State	Acreage in cultivation July 1, 1937	5-year average yield per acre, 1933-37 <sup>1</sup>	Production, 478-pound bales (column (1) times column (2) divided by 478)	Production, 70 percent of column (3)	Allotment, S. 2787	Allotment under amendment	Increase of column (6) over allotment under S. 2787
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	1,000 acres	Pounds	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Virginia.....	64	272	36	25	28	28	-----
North Carolina.....	1,109	303	703	492	505	505	-----
South Carolina.....	1,689	264	923	653	619	653	34
Georgia.....	2,653	237	1,315	921	897	921	24
Florida.....	118	156	39	27	25	27	2
Missouri.....	537	340	382	267	214	267	53
Tennessee.....	976	254	519	363	351	363	12
Alabama.....	2,634	232	1,279	895	890	895	5
Mississippi.....	3,446	264	1,903	1,332	1,269	1,332	63
Louisiana.....	1,561	238	777	544	530	544	14
Texas.....	12,896	147	3,966	2,776	2,803	2,803	-----
Oklahoma.....	2,530	118	625	438	521	521	-----
Arkansas.....	3,096	218	1,412	988	929	988	59
New Mexico.....	144	441	133	93	80	93	13
Arizona.....	282	419	247	173	126	173	47
California.....	618	535	692	484	290	484	194
Others <sup>2</sup> .....	30	272	17	12	12	12	-----
Total.....	34,383	202.9	14,978	10,483	10,090	10,609	520

<sup>1</sup> 1937 planted yield based on Nov. 1 crop report.

<sup>2</sup> Includes Illinois, Kentucky, and Kansas.

Southern Division, Dec. 13, 1937.

Mr. HAYDEN. In explanation of how the error came about, I read an extract from a letter written to me by Mr. E. D. White, principal agricultural economist of the southern division of the Agricultural Adjustment Administration, who states:

We are submitting a revised copy of the table, Cotton Statistics Relating to S. 2787, which was given to you by Mr. Mereson on December 10. At that time Mr. Mereson thought it was fully understood that the 393,000 bales shown as a total in column (6) was the difference between the totals of column (4) and column (5) and not the addition of the increases in the State allotments under the amendment in column (6).

Mr. President, I have asked to have this correction made so that the Senate and the House conferees may have complete and accurate information when the amendment which I offered on December 11 is under consideration at the time the differences between the two Houses on the pending bill are to be adjusted.

Mr. GEORGE. Mr. President, I desire to ask the Senator from Arizona whether in the correction of the table the total allotted to each State as indicated by him originally has been increased?

Mr. HAYDEN. No; the totals have been changed in no way. There was simply a mistake in addition.

Mr. GEORGE. I am glad the Senator has made this correction. I merely desire to call attention to the fact that the oldest cotton-producing area in the United States is quite willing to have production increased, or at least is not opposing an increase in production, in the areas where cotton production is new. I hope the Senate may observe something of the same liberality when we are asked, as we shortly will be, perhaps, to circumscribe the farmers in the Southeast and to prevent them utilizing diverted acreage for any other cash crop.

Mr. President, I wish to say just a word about the order of the Bituminous Coal Commission. I stood in my place in this body and voted against the first bill designed to give this extraordinary power to any commission, to raise the price upon an absolutely indispensable necessity of life in order to benefit another group of Americans. I said in my place here that if the courts functioned at all the act could not possibly stand.

The first act went the way it should have gone. It was not fair, and it reflected no very great credit upon the Congress when it placed upon the doorstep of the Supreme Court of the United States the necessity of declaring what was palpably contrary to the Constitution of the United States invalid. But the Supreme Court met its obligation and did declare the act unconstitutional.

I stood in my place here when the particular bill under which the Coal Commission is now acting was passed, and voted against it, too, and there was not then, and there is not now, any course to pursue except to vote against such a bill outright, unless one expects to have prices arbitrarily, as it were, increased by a commission, without notice, and in secrecy, as the distinguished Senator from Massachusetts has pointed out.

It is of very little consequence whether it is without notice or in secrecy; this Commission was created for the purpose of increasing arbitrarily the price of an indispensable necessity of human life. I say arbitrarily because whenever we are called upon merely to add something to the price of an article or a commodity which it does not otherwise bear by fiat or action we are acting arbitrarily of course.

Mr. President, I desire to say one other thing, and if the party which has through a century of time insisted upon equal rights to all and special privileges to none does not go back to its doctrine, there will be many apologies here upon the floor of the Senate for actions taken.

We simply cannot legislate for classes in the United States without hurting some other class. We simply cannot resort to class legislation without inflicting injury upon some other class of Americans.

The purpose of the measure was good. Coal miners were receiving, we were told, a mere pittance as a wage, that they were living under conditions under which they could not subsist; but when a Senator felt that he could not support the



type of legislation it was an easy matter to condemn him among groups in the country.

Now we have the Coal Commission, as the Senator from Massachusetts says, acting in secrecy, without notice, paying no attention to its own agent, that is, the Consumers' Counsel, raising the price of coal in some communities, if I understood the Senator, at least a dollar a ton, at a time when farm commodities have gone down, down below the cost of production, considerably below the cost of production.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. GEORGE. I yield.

Mr. WALSH. I understand the increased prices vary with the number of coal fields and the number of miners in the various coal fields, and that the schedule covers 24 pages of increased prices, depending upon where the coal comes from. In my section of the country it is estimated that the average is 50 cents per ton.

Mr. GEORGE. Perhaps I misunderstood the Senator. He says 50 cents per ton; and that is done by a commission created for the purpose of raising prices upon this great commodity. Now that farm products have gone below the cost of production, we are considering another farm bill. I am doing my best and will do my best to see that the farm bill treats all farmers, whether they are little farmers, or have followed sensible, balanced programs of farming during the last several years, to treat all alike. But I am conscious of the fact that the pending bill is not a farm bill. It is not a farm bill at all. All it does is to adopt the simple philosophy and reasoning that by greatly restricting production it is possible to run the price up. Certainly that is possible. But what is going to happen when the restrictions are taken off. Where will the price go then, and what are the restrictions to do to the product?

Will restrictions result in the use of substitutes? Will they further take us out of every foreign market in the world if we are on an export basis? I am conscious of the fact that all we are doing, all we are attempting to do, is merely to restrict production.

If that is an answer to a problem such as the farm problem, it is the simplest thing in the world to have done it long, long ago. There are benefits to be given. I do not know that there will be benefits beyond those that are now given under the Soil Conservation Act; but even if there are additional benefits to be given, they do nothing with the problem of agriculture. The whole system of benefits may be described as simply a device for distributing public money, aside from the fact that the Soil Conservation Act was intended by the Congress to preserve our soil and to prevent the erosion and wastage of the soil. That was a good purpose and a good objective. So far as I know, that is all the money that will be distributed under this farm bill. But if there is any additional money, it might as well be distributed to particular groups in the country, and we might as well call the bill a bill for the relief of the Indians as a bill for the relief of agriculture, except that we are simply distributing the money to farmers. There is nothing in the legislation that has to do with the problem of the expansion of production and the distribution of the product, which is inexorably wrapped up in any sensible solution of the farm problem.

We do not touch it. We simply say we will restrict the production of corn and wheat and cotton, the necessities of life, and we will run up the price thereby. The farmer needs the increased prices, I grant that; but when restrictions are taken off, then what do we face? Will not the farmer's condition be worse than it is today? Does not anyone who is familiar with farm problems know that when we take off restrictions the condition will be worse than it is now? There is but one excuse for restrictions, in my opinion, and that is the reason I voted for the old A. A. A., and that is the reason I can vote for this bill, and that is that when an extraordinary emergency arises, with an unexpected and disastrous and destructive surplus, we may temporarily tackle the problem by the proper disposition of that surplus, and that does and may involve, and I think in the case of cotton—perhaps in the case of other crops, but I do not know—that does involve some restriction on production. But the

point I am making is that we simply restrict production. And when we lift the restrictions, as undoubtedly we will—as the American farmer will sooner or later—when we lift the restrictions we have done nothing whatsoever to solve the farm problem.

Mr. President, it does seem to me that we ought to go to the question of the distribution of farm products; we should be unwilling to say that we are considering a farm program without doing something that is permanent.

I have the conviction that if our party, the Democratic Party, with the greatest opportunity to legislate in behalf of the common weal that has come to any party in America in my generation at least—I have the conviction that if we cannot return to the fundamental doctrine of equal rights in our legislation, setting our faces like flint against special privileges to special groups, that we will have lost the opportunity for many many years to come to meet the demands of the country.

The Coal Commission—arbitrarily putting up prices. Did we not create it for that purpose? We said the prices were too low, and created a commission to take into consideration certain things and reach a conclusion, which, of course, would mean the advance of prices. I do not mean to say that the price of coal ought not to be advanced. I have every sympathy for the men who labor in the mines—certainly I have. But I do say that if we are going to single out groups and grant them special privileges, that we may expect to face precisely what is taking place in America today.

We are worried because there is a recession in business, of course. It is not necessary to discuss why there is a recession in business. But one undoubted reason why business cannot go along normally, cannot flow along evenly, is the creation of special privilege here and there for this group and for that group; vesting in the hands of boards and bureaus in Washington arbitrary power to disregard natural and economic law.

I almost apologize to mention the law of supply and demand here, but if our legislation does not run along in line with it, we will have a recession again. There are elements in the principle that may be regarded in legislation, but we cannot arbitrarily set it aside and say we are going to fix prices here in a great country like the United States. That course means that prices will be burdensome and high, and they will be burdensome and hard upon people who are just as helpless as the group we are trying to benefit. Higher prices will come at a time undoubtedly when consumers have less purchasing power; when they are least able to stand higher prices. And so we have that situation in coal. We may have it in something else.

So far as cotton is concerned there is, of course, an unusual surplus of cotton. That is our problem. The sensible way might not get many votes, because it does not make much appeal. If we wanted to say to the Government to buy cotton because of this unusual and abnormal surplus this year, and if we put the Government in the field to buy it at or below the cost of production, we would be on a sound basis. Take it off and let economic laws then begin to function. I do not know precisely what the cost of production is, but I know that the price of cotton today is below the cost of production, and the simple and easy way would be to go in and say that the Government proposes to establish as a policy the purchase of unusual surpluses as long as the prices are at or below the cost of production. That we are not going to be concerned about the consequences of a program of that kind, because we are not going to put this cotton back on the market, either in the form of finished or of a raw product, as long as that condition exists.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. GEORGE. I will take a little time on the bill, Mr. President.

That would solve our cotton problem. Establish it as a permanent policy and it would solve the cotton problem. And you would not have to go into the Treasury to do it. You would utilize the banking resources of the country, and you would also call to our assistance the credit



of the Government. But the cotton itself, at the cost of production or below the cost of production, is of more value than every ounce of gold owned by the Government. And cotton always will be worth more than gold when it is purchased at and below the cost of producing it; and the banks of the country can take it off and will take it off and will carry it. And you have only Government credit back of it. You do not have to take a dollar out of the Federal Treasury except to pay the cost of administering the program.

I said that we must have regard to the law of supply and demand. We have had people in this country who thought that we could disregard that law, and they have figured that it is all wrong; and somehow that you had to abolish it, and they thought they could abolish it. There is a time element in the law of supply and demand that may properly come within the jurisdiction of the Congress. We may for the moment produce more than at the moment can be used or consumed; but, barring the time element, there is not any way to solve the cotton problem that does not take into consideration the law of supply and demand.

We may flatter ourselves that there is some way around it, but there is not. But when we have an uneconomic condition, brought about by an abnormal production, which may not occur again in many years, may not occur again in 20 years, the Government can step in and can retire the surplus from the market, as long as it buys the surplus, which is the disturbing factor, at the cost of production or below it.

Mr. NORRIS. Mr. President—

Mr. GEORGE. I yield to the Senator from Nebraska.

Mr. NORRIS. I wish the Senator would explain a little more fully what, in his judgment, would be necessary if the Government should purchase this surplus, what it would be necessary for the banks to do, and what would become of the surplus.

I do not quite understand the program the Senator has mapped out. What would prevent the surplus from increasing? Would there not be danger, especially in the case of cotton, of the surplus becoming greater every year; and what would be done with the surplus? How could the Government take it over without spending any money?

Mr. GEORGE. The Government can finance its purchase without spending any money. There is nothing involved except Government credit and funds that are available for the purchase of the surplus. If I may say so to the Senator from Nebraska, if we are going to buy cotton above the market price or above the cost of producing it, we shall encourage the farmer to increase his surplus, or at least we shall encourage him to make an effort to do so. If, however, it is purchased below the cost of producing it or at the cost of production—and ordinarily we do not have the condition of cotton going below the cost of production except in the case of a great surplus—there is not that inducement to the farmer to increase his production; and I was about to say, and I think I can say with all accuracy, that, despite a possible effort to reproduce the 1937 cotton crop, in all probability we could not do so at any time within the next 10 years. In 1937 we had a combination of circumstances and conditions, natural and otherwise, which led to the production of a very great crop of cotton.

I think the principle I am advocating is sound in business as long as the Government says, "When you have a surplus we will take it off the market, and we will keep it off the market, but we will do it not by any valorization scheme. We will do it at the cost of producing the crop, or, if it has already dropped below that point, below the cost of producing the crop." I think that will leave the American cotton farmer face-to-face with the fact that his Government has taken off the market a portion of his 1937 crop, for instance, but it has taken it off not at a price that will induce him to go out and make another surplus. We shall have to come back sooner or later to the conviction and to the conclusion that we must make our law harmonious with the basic principle of business which applies everywhere, all the time, under all circumstances. We shall have a regulation in our price, but

we shall not have if it we buy cotton beyond the market. We shall not have it if we buy cotton at a profit and take the surplus off the market at a profit to the producer. In that case, of course, the producer will do as he always is going to do, try to produce another big surplus, so that the Government will take that off the market. But we shall have the law of supply and demand operating, and we shall have eliminated the element of time, if the Government comes into the picture and says, "As long as the condition obtains that your price is below the cost of production by virtue of the very height to which you have carried production in this year, the Government will take it off the market."

Of course, the Government will have to be sufficiently courageous not to yield to political pressure and go out on the market and sell this cotton under conditions which will destroy the market.

Mr. SMITH. Mr. President, may I ask the Senator a question?

Mr. GEORGE. I shall be glad to yield to the Senator from South Carolina.

Mr. SMITH. The Senator from Nebraska [Mr. NORRIS] asked a very pertinent question. There is already in existence such a tremendous surplus under the action of the bill that we are now framing, looking toward the curtailment of production that to wait until this surplus has become manifest, and therefore there is the opportunity of taking some of the surplus, will take 2 or 3 years. But if the Government will step in and relieve the terrible pressure to the extent that we hope this bill ultimately will do, the two things fitting in exactly together, we shall anticipate the reduction by virtue of relieving the pressure temporarily, as the Senator says, not above the cost of production. Therefore if, in the coming year, the farmers disregard the law of supply and demand and increase their surplus, there is nothing to keep the Government from protecting itself by marketing the surplus.

I think the two things go hand in hand.

Mr. PEPPER. Mr. President—

Mr. GEORGE. My time is very limited, but I will yield to the Senator in just a moment.

Mr. President, I have said, and I wish to repeat the statement, that I have no faith whatever in the theory that we shall even approach a sound solution of the agricultural problem by merely restricting production in order to get a better price—none whatever.

I never have believed in it; I do not now believe in it; and more and more the American people will come to disbelieve in it. I do believe that in a year when we have conditions which have united to produce a staggering surplus of one of the great crops, we may then restrict production, but only as a temporary means of getting rid of the surplus.

We have a condition in the United States and in the world with respect to cotton at this time which demands, as the Senator from South Carolina [Mr. SMITH] has said, the application of both a program of restriction in future years, at least during the next 2 years, and, I think, also the exercise by the Government of the power to step into the market and take off the market a part of this unusual surplus, because when the quantity of cotton available in the markets of the world is considered, and when we consider the size of our own crop plus our carry-over, even a program of drastic restriction cannot possibly reflect itself in any very great advance in the value of the 1938 crop of cotton unless we shall have also taken off the market a part of the 1937 crop.

I know that my views will not be very popular with some of our friends here and elsewhere; but I wish to make the earnest plea that we follow our heads and that we follow our judgment, and that we ask the Government to buy this great commodity, cotton, only while it is below the cost of production, or at least no longer than it reaches the cost of producing it. In no other way can the Government help us. In no other way can the program of purchase by the Government be of long-time assistance to the American farmer.



If Congress will do that, so far as cotton is concerned, and allow us to restrict our production even drastically for 1 or 2 years, we can solve our cotton problem. At least we shall have taken the necessary steps looking toward a solution of our problem, particularly if we then give some attention to a wider use and distribution of cotton at home and abroad.

Mr. President, I cannot understand, and I would not have any of my friends in Georgia who produce cotton think that I can approve as a long-time, permanent program, the drastic restriction of production so far as cotton is concerned. I know that it cannot permanently improve our condition. I know that all it can do is to bring us constantly nearer and nearer to the point where we shall be producing cotton for our own markets only, when we shall have given up all hope of controlling at any fair or profitable prices any part of the foreign market.

Mr. President, I know full well that when once we are producing cotton for the American market only, when once we accept that program, we shall follow that program to its logical conclusion, and its logical conclusion will be holding out inducement to substitute after substitute.

What I am trying to say is that if we want to solve this problem, we shall have to solve it as a business problem; that if we want the Government to help us, all that we ought to ask of the Government in the years of abnormal production is to step in and say, "We will handle your surplus at the cost of producing it, or below that cost if the market price has fallen that low."

The ever-normal granary in this bill is not what I am talking about; but the Secretary of Agriculture, be it said to his credit, had in mind an ever-normal-granary principle when he suggested the provisions of this bill. In other words, the principle which the Secretary originally announced was in line with what I am now declaring to be the only sound policy that we, as cotton producers, can follow. But the ever-normal-granary theory has been expanded in the Senate and by organizations of farmers elsewhere until we have thrown it out of harmony with the principle I am trying to emphasize.

Mr. President, we have seen through all the years, in the stock market, in the bond market, in the commodity markets, in all the markets, this attempt to valorize a product or a commodity. We have seen nations try it. We have seen countries discard it. We know where it will lead, when all the while what we really need is an established policy on the part of the Government to step into the farm situation whenever any basic farm product goes below the cost of production and take that product off the market, even if it has to be given away to those who need it later on, or even if it has to be in a measure destroyed. That is quite another question; but as long as the Government acts only when the commodity is below the cost of producing it, as long as we maintain a sensible program of production, we are on a perfectly sound basis and we can hope to prosper.

Mr. President, I think we should do that. I think the Government should do exactly what I am saying, and should do it without hesitancy, because everyone knows that the tariff does lay certain burdens upon a producer. There is no doubt about that. There never was any doubt about it. Alexander Hamilton, in his great treatise on manufactures, very clearly pointed out that the antidote to the manufacturer's tariff was a bounty to the producer of raw materials whenever the country, in its progress and development, reached the point where that bounty became necessary. That bounty is necessary. That bounty is necessary in the case of cotton. That bounty is necessary in the case of wheat. That bounty is necessary in the case of any farm crop at least which is on an export basis. It probably is necessary in the case of farm products generally; that is to say, the non-perishable crops. Of course, when we get into the field of perishable products we have a different problem. But it is necessary in the United States now; and we cannot do anything with the farm problem that does not look to a frank, honest, definite recognition of the fact that the Government

has to step in, whether it wishes to do so or not, when a nonperishable product falls below the cost of producing it, because the farmers in some unfavorable years produce more than the markets at home and abroad, insofar as the market abroad is available to us, will consume.

If the Government is not willing to take that long step, and then if it is not willing to expand the markets at home and expand them abroad to the utmost, we have not touched the farm problem. We can devise some means or methods of giving money direct to the farmer, and that, of course, is helpful, because if the farmer is producing at a loss he has to have some assistance in order to keep his head above water; but even at best and on the average they cannot keep their heads above water under that kind of program.

We must recognize that the time element in the law of supply and demand is a materially vital element. It is a materially vital fact, and there is the legitimate field, as I think, for Government to step in and to bring together the supply and demand by entering the field and taking off the surplus whenever nature has given us a surplus of food or materials with which to clothe ourselves.

Mr. McGILL. Mr. President, will the Senator from Georgia yield?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Kansas?

Mr. GEORGE. I am glad to yield.

Mr. McGILL. I have been very much interested in what the senior Senator from Georgia has had to say. It seems to me, however, unless some method of wider distribution were provided, the program probably would not work any better than some other programs have worked.

I desire to invite his attention to certain facts. He has named what I regard to be the two basic commodities which I believe have a direct bearing upon the price of every other commodity, namely, cotton and wheat. I invite his attention to the fact that normally we produce annually in the United States 800,000,000 bushels of wheat. Very seldom do we fall below that figure. We produced this year 887,000,000 bushels of wheat. Our export market has not taken as much as 50,000,000 bushels in any one year since 1930. We consume approximately in the way of food 500,000,000 bushels. We use for seed about 75,000,000 bushels and for feed about 60,000,000 bushels, making a total consumption of around 635,000,000 bushels.

It would seem to me that under the Senator's program it would be necessary to engage upon a permanent policy of the Government each year purchasing and holding in some manner or other off the market about 150,000,000 to 200,000,000 bushels of wheat. Unless there is some method of distribution other than we have, the program would lead to the storing of an immense quantity of wheat in this country and be destructive of commodity prices.

Mr. GEORGE. Mr. President, I have no fear that we would create an immense surplus quantity of any farm commodity if we should let the law of supply and demand and the ordinary business principles apply; but if we are going to yield to the temptation of putting the Government, either through an ever-normal granary or by direct purchases, into the market to take off the surplus at an advanced price, and one that holds out encouragement to the producer to again disregard business principles and sound business practices, we would create a supply which could not be handled and which could not be controlled.

Mr. President, when I arose I had not expected to say anything more than I said with reference to the Coal Commission and to offer two amendments which I shall later urge to the bill. But it seems so clear to me that if we go on with the policy and program of trying to grant special privileges to groups, however deserving those groups are of aid and assistance and however necessary it is to do something for them, if we are going to meet that demand upon their part—and, let us say, an entirely justified and worthy demand—by mere extension of the program of special privilege, we are not going to get anywhere, and we are not going to solve anything.



I want to say again—and I think the proponent of the cotton section of the bill will find himself in full agreement—that there is no justification for the drastic restrictions of cotton production in 1938 and 1939 which are possible under the terms of this bill unless we have and recognize frankly a surplus that is staggering and that will inevitably prevent prices for cotton during the next 2 years from rising to a profitable level. I may state also that he will recognize the fact that in order to make this program, which we are willing to accept so far as cotton is concerned in view of this emergency, in view of a condition which existed first in 1933 when we approached the problem, and which has again come upon us—in order to make the program of restricted production such as we have authorized in this bill effective, the Government itself ought to come in and say that the present surplus will be taken out of the market at or below the cost of production.

Mr. President, every farmer thereafter in 1938 and 1939 would know two things. He would know there was a large quantity of cotton which the Government had taken off the market and he would know the Government had taken it up at or below the cost of producing it. He would know that he had to conform to a reasonably sensible balanced program of farming in order to get back on his feet. There would be every reason of economics, every reason that may find support in natural law, to yield to a sensible program of production so far as future years are concerned.

But the very moment that we say we want to buy cotton above the market and above the cost of producing it that very moment we break down any program of restricted control that we may launch here or hereafter in the Congress. We have to recognize that fact as a basic one if we wish to help the American farmer.

Mr. President, I shall support the bill. I am going to vote for some amendments to it, but I am going to support the bill because I know that we face a national emergency so far as cotton is concerned. I accept the statement made by other Senators with reference to other farm products. But I want to go beyond it and insist that, if we want to make effective our control program we ought to adopt now a sensible supplementary program putting the Government definitely and distinctly back of every basic nonperishable farm commodity whenever the price, by virtue of excessive production, falls below the cost of producing it. It is fair to the American farmer that we must go to the Government for assistance in marketing here and abroad. If America is not going to merchandise its products, it might as well close up shop and go out of business.

If America is not going to merchandise the most valuable crop this country has produced now for nearly a century for our export principally, if it is not going to merchandise it here and abroad, then we must confess that we could not handle a problem which in the beginning at least was presented to us with all the advantages in our favor, that we muffed it, that we were not capable of handling it, and we simply went to sleep on the job and let the problem take possession of us and that we find ourselves at this late day undone by one of the greatest crops that America has ever produced.

I am not going to say anything about what we shall do with our lands in the South and in the Southeast, particularly if we cannot keep up a fair production of cotton. But I make no plea for the Government entering the field of taking off surplus cotton in the year of big production except on the basis of sound business principle, taking it off at a price that will not hold out encouragement to my neighbors and me, down in Georgia or in any other cotton-producing State, to try to produce a tremendous surplus during the next year. If the Secretary of Agriculture's ever-normal-granary program is brought strictly in line with what I have tried to say, it is, in my opinion, essentially sound.

Mr. President, I ask to have printed and lie on the table an amendment which at the proper time I shall offer to the pending bill.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. McNARY. Mr. President, I desire very briefly to discuss the pending amendment, offered by the Senator from Florida.

I think I need not say that for a long period of time I have been interested in the subject of crop insurance, having collaborated with the distinguished senior Senator from South Carolina [Mr. SMITH] in 1921 and 1922 in hearings on that important matter.

The objectives of the pending amendment, in my opinion, are commendable. But I wish to make certain suggestions to the Senator from Florida which he might consider in connection with offering this amendment for incorporation in the bill.

In the first place, the amendment does not cover sufficient ground to be a crop-insurance amendment. It covers the hazard of weather. Weather is a yardstick of about 15 inches. It is only one of the factors involved in a crop-insurance measure.

I think all of us know that not only is the weather a hazard, which includes freezing, drought, and floods, but there are also insect pests and other natural pests following in three other categories of loss. So if we are to limit crop insurance to weather, we include only one of the risks or hazards which may be met in some localities, and I think usually it is the least destructive of the three.

I would suggest to the able Senator from Florida that if a crop-insurance amendment is to be adopted, it be framed in such a fashion that it will include all hazards to which a farmer is subjected.

Mr. PEPPER. Mr. President, will the Senator yield?

Mr. McNARY. I yield.

Mr. PEPPER. Perhaps the Senator has observed that the original amendment I offered included pests and diseases, along with hazards of weather, because my idea was, as the Senator from Oregon so generously suggests, to take care of all the hazards which might adversely affect the farmers.

After presenting the amendment in that form, some of the Senators on the floor called my attention to the thought that if we insure a farmer against insects and diseases, it might tend to discourage him in the protection of his crops by adequate safeguards which he might himself employ, and therefore tend to encourage him to allow the spread of disease and the spread of pests through his own slothfulness or lack of diligence, thinking that perhaps he might be reimbursed from the insurance fund in some way.

I am very earnest in this matter of crop insurance, and I want to do whatever is best to be done, and I want the Senator from Oregon to take into consideration the suggestion made to me by Senators on the floor.

Mr. McNARY. Mr. President, during very many years of study of the agricultural problem this is the most novel suggestion I have ever heard in this connection, that a farmer would not desire to protect his fruit from natural diseases and insect pests in the same way in which he will protect his orchards or his fruits against other hazards, like floods or inclement weather.

If the Senator is satisfied with the amendment, I shall have to be content.

Mr. NORRIS. Mr. President, will the Senator from Oregon yield?

Mr. McNARY. I yield.

Mr. NORRIS. Along the line of the Senator's remarks, I should like to suggest to the Senator from Oregon, and also to the Senator from Florida, that it seems to me that the amendment could be very much improved by a very simple change, striking out the word "weather" in line 4, on page 2 of the amendment and inserting the word "production", so that it would read, "particularly subject to the hazards of production."

Mr. McNARY. In my opinion, that would strengthen it very much.

Mr. NORRIS. I think it would.



Mr. McNARY. Of course, I have nothing to do with the acceptance of the proposal.

Mr. PEPPER. Mr. President, I should be entirely willing to accept the suggestion.

Mr. McNARY. Mr. President, that would cover my criticism. Another suggestion I have to offer to the Senator from Florida is that he not restrict the recovery and investigation to fruits and vegetables.

Mr. PEPPER. Mr. President, the Senator has observed, has he not, that it says "fruits, vegetables, and other crops"?

Mr. McNARY. Yes, Mr. President; I was just about to discuss that. I have been advised by lawyers of merit, and I recall many years ago having heard, that when a general phrase follows a specific enumeration, it was limited to the kinds and varieties named. That is a rule of statutory construction which I learned in college many years ago and have been advised since then by eminent lawyers that the rule has not been changed.

I think the simple way of handling this matter would be to have it read "and a feasible and practicable plan of crop insurance for all agricultural commodities."

Mr. PEPPER. I certainly have in mind that principle.

Mr. McNARY. I am quite sure my construction of the Senator's language is correct.

Mr. BARKLEY. Mr. President, in that connection, the same rigid construction of exclusion would not apply to this language that applies to the ordinary legal interpretation referred to by the Senator from Oregon. Of course, I can understand that in the amendment offered by the Senator from Florida he feels it is desirable to mention these products specifically, but the fact that not all other agricultural products are included would not be interpreted to mean that only fruits and vegetables could be investigated under the language. I do not fear that there would be any exclusion of other things if the Secretary desired to investigate them.

Mr. McNARY. Mr. President, if it said "all other agricultural products" that would be one thing, but it says "for fruits, vegetables, and other crops", that being a specific enumeration of fruits and vegetables, which everyone knows are perishable. I have not doubt about my interpretation being correct, and I am suggesting the simplest way out of it, the elimination of "fruits, vegetables, and other crops", and substituting "of all agricultural commodities." With that correction I shall be very happy to support the amendment.

Mr. PEPPER. Mr. President, I am in favor of the principle as the Senator has stated it, but perhaps the details might vary a little. I think the rule of ejusdem generis—the rule of construction the Senator has spoken of—would apply only to those crops in the production of which the farmer meets hazards, but not to these particular varieties of crop only, so that I would not have any fear such as that the Senator from Oregon entertains even with the amendment in the form originally offered. However, would it not be equally acceptable to the Senator from Oregon to say "for fruits, vegetables, and other crops of all kinds or characters"?

Mr. McNARY. Yes; that covers the point. It adds a few more, I suppose, but I will accept the suggestion.

Mr. PEPPER. I modify the amendment in that way.

Mr. McKELLAR. Mr. President, I am in sympathy with the investigation of crop insurance as suggested in the amendment, but there appears a provision which I think should not appear in the bill, namely:

The Secretary of Agriculture is authorized and directed to set aside and use, out of any sums appropriated for the purposes of the Soil Conservation and Domestic Allotment Act, as amended, the sum of \$150,000 annually, or so much thereof as may be required, until such study is completed in making—

And so forth. I think that language ought to come out, and I desire to give my reasons, very briefly, for my opinion.

The present agricultural appropriation law, on page 6, under the subtitle "Special research fund, Department of Agriculture," reads:

For enabling the Secretary of Agriculture to carry into effect the provisions of an act entitled "An act to provide for research into basic laws and principles relating to agriculture and to provide for the further development of cooperative agricultural ex-

tension work and the more complete endowment and support of land-grant colleges", approved June 29, 1935 (U. S. C., Supp. II, title 7, secs. 427, 427b, 427c, 427f); for administration of the provisions of section 5 of the said act; and for special research work, including the planning, programming, and coordination of such research to be conducted by such agencies of the Department of Agriculture as the Secretary of Agriculture may designate or establish, and to which he may make allotments from this fund, including the employment of persons and means in the District of Columbia and elsewhere, and the purchase, maintenance, repair, and operation of motor-propelled and horse-drawn passenger-carrying vehicles necessary in the conduct of field work outside the District of Columbia, \$1,200,000.

In a subsequent section of the act, on page 41, there occurs the provision for the interchange of appropriations, as follows:

Not to exceed 10 percent of the foregoing amounts for the miscellaneous expenses of the work of any bureau, division, or office herein provided for shall be available interchangeably for expenditures on the objects included within the general expenses of such bureau, division, or office, but no more than 10 percent shall be added to any one item of appropriation except in cases of extraordinary emergency, and then only upon the written order of the Secretary of Agriculture: *Provided*, That a statement of any transfers of appropriations made hereunder shall be included in the annual Budget.

Instead of tying up a part of this fund, I am asking the Senator to strike out those words and to insert the following:

The Secretary of Agriculture is authorized, out of the special research fund, Department of Agriculture, in the Agricultural Appropriation Act of June 29, 1937, to make a study—

And so forth; and to strike out the other language which sets up a special appropriation.

There is appropriated \$1,200,000, and 10 percent of that would be \$120,000, which could be utilized for this purpose under the Department of Agriculture at the present time, and the money ought to be appropriated in the regular way. We should not undertake to make an appropriation in the pending bill. This is not an appropriation bill. We should simply authorize a study into the matter of crop insurance and leave the appropriation to the regular appropriation bill. I do not believe we ought to set aside \$150,000 annually and make it obligatory upon the Committee on Appropriations hereafter to appropriate that much money for this particular purpose.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. NORRIS. I should like to ask the Senator whether, if the change is made as the Senator has suggested, it would not follow that the appropriation could only be made for 1 year.

Mr. McKELLAR. That is true; it would not be made annually.

Mr. NORRIS. There would not be any authorization for it to be made more than the one time.

Mr. McKELLAR. Oh, yes; as I have changed the provision, it would authorize the study to be made, and it could be appropriated for each year as the appropriation bill was being considered.

Mr. NORRIS. Was the language the Senator read from an appropriation act?

Mr. McKELLAR. It was the agricultural appropriation act.

Mr. NORRIS. That would last only 1 year.

Mr. McKELLAR. The law now provides for research studies of various other kinds. The purpose of the amendment of the Senator from Florida is to add crop insurance to the various other subjects now provided in the law.

Mr. NORRIS. Then the proper way to handle the matter would be to amend the law by adding crop insurance to the other studies provided for.

Mr. McKELLAR. That could be done, and it would be a simpler way of handling the matter. In other words, authority ought to be provided in the pending bill, but no appropriation should be made. There should not be any limitation or amount stated in the pending bill, which is not an appropriation bill, and I suggest to the Senator from Florida that he change his amendment.



Mr. NORRIS. Would the Senator leave it to the Secretary to use what he thought was proper out of the fund created under the law?

Mr. McKELLAR. Yes; I would put it in the hands of the Secretary.

Mr. NORRIS. Would the effect of that be to lessen the amount that can be utilized as this bill provides out of the \$500,000 that is authorized to be appropriated?

Mr. McKELLAR. I take it this amendment provides that it shall be taken out of the fund of the Soil Conservation and Domestic Allotment Act.

Mr. NORRIS. If the amendment is changed as the Senator has suggested, would it not leave the matter still in the same position that it is now with reference to the fund out of which the money could be taken?

Mr. McKELLAR. It would leave the Secretary to make the investigation and use a portion of these funds for that purpose.

Mr. NORRIS. The only objection I see to that is that the money would be taken out of the \$500,000 fund, out of which money to carry forward the farm program in this bill must be taken. Therefore, it would lessen the fund somewhat.

I am very much in sympathy with the amendment of the Senator from Florida. I am going to vote for it, whether it is changed or not.

Mr. McKELLAR. I also am in sympathy with it, but I do not believe the appropriation ought to be made as suggested by the Senator.

Mr. NORRIS. It seems to me it is a valuable amendment and ought to be in the law. I would rather it was a straight appropriation, however, so that it would not come out of the fund that is in this bill because that fund will probably be too small as it is.

Mr. McKELLAR. I should prefer that it be an authorization.

Mr. NORRIS. A straight authorization?

Mr. McKELLAR. Yes; and not a provision that will require any specific sum to be used. I do not think we ought to do that. We ought not to appropriate on a legislative bill. That is my judgment, and I hope the Senator will agree to it, if it meets his approval.

Mr. POPE. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. POPE. Of course I am much interested in this matter. I think crop insurance for fruits in particular is just as important as crop insurance for any other commodity.

With reference to the point now made, I will say that that had occurred to me; but I thought if this matter could go to conference, since there is no provision in the House bill, as I understand, like it, the matter then could be considered by the conferees and acted upon.

If the Senator from Florida [Mr. PEPPER] desires to limit his amendment to an authorization, not out of funds in this bill or the Soil Conservation Act, but generally, of course, that would be agreeable. I take it that he might think the funds would be easier to get if they came out of the soil-conservation fund.

I do want to say, however, that these funds are for the purpose of making soil-conservation payments or on parity, if that term is used, and I am exceedingly anxious that those funds be not diverted for various other purposes. They are already too small to make the payments that ought to be made to the farmers; and if they are diverted for various other uses it simply means that the farmer will get even less than he does now, assuming that our final appropriation may be \$500,000,000 only.

I suggest to the Senator from Florida that he consider the matter of making the authorization, and then leaving the appropriation to the Congress as in any other bill authorizing the appropriation of funds.

Mr. PEPPER. Mr. President, I am entirely in sympathy with and very grateful to the Senators for their interest in this matter. There is only one thing I want to be very sure about. I do not want to divert any of these funds from soil conservation or domestic allotment, because, as the able Senator from Nebraska has said, they are already too small

in amount; but there is one thing I am very clear about in my mind, and that is that we should not pass this farm bill through the Senate without telling the American people that we are going to do something substantial about the matter of crop insurance. If we just leave it here with a mere authorization, and it is to go along in the future to get such consideration as it may receive, I am afraid we shall not carry out the program in the manner that the impression has been given to the public that it would be carried out, and shall not achieve the objective that we want to reach here.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. PEPPER. I yield.

Mr. McKELLAR. The Senator need not have any fear. The moment this authorization is made, an estimate will be made by the Department of Agriculture for carrying it out; and that is another and additional reason why we ought not to make the appropriation here, or attempt to graft onto this bill an appropriation. The Senator will have no trouble about it. I have been on the Committee on Appropriations for a long, long time. After a matter was authorized I have never known the appropriation not to be asked for.

Mr. PEPPER. Does the Senator contemplate that the amount of \$150,000 might remain, but that it shall merely be an authorization for the expenditure?

Mr. McKELLAR. No; I think the amount should go out until we have an estimate by the Department. If the Senator will follow me, on page 1, in line 6, the language is:

And directed to set aside and use, out of any sums appropriated for the purpose of the Soil Conservation and Domestic Allotment Act, as amended, the sum of \$150,000 annually, or so much thereof as may be required.

I suggest inserting at that point the words:

To make a study.

In other words, that the Secretary of Agriculture is authorized to make a study of a feasible and practicable plan of crop insurance.

Mr. PEPPER. Mr. President, there are three answers to the suggestions which the able Senator has been good enough to make. The first one is that already there are two elements of discretion vested in the Secretary by the provisions of the amendment. The first is:

The Secretary is authorized and directed to set aside and use, out of any sums appropriated for the purposes of the Soil Conservation and Domestic Allotment Act, as amended, the sum of \$150,000 annually—

Then follows:

or so much thereof as may be required.

That is the first discretion that is already vested in the Secretary. This is the second:

until such study is completed.

He has, therefore, the determination already of what may be required, and when the complete survey may be made.

The third one, Mr. President, is this: I was the author of Senate Resolution 108, which was enacted by the Senate during the regular session. It directed the Secretary of Agriculture to transmit to the Senate at the earliest practicable date his recommendation for the establishment of a system of crop insurance for fruits and vegetables, and to make such studies as might be necessary in connection therewith.

I read from the letter of the Secretary to the Senate on that subject:

The Department will not be in position to make recommendation for the establishment of a system of crop insurance for fruits and vegetables until it has conducted some rather extensive researches, investigations, and surveys, and prepared the data thus gathered on fruits and vegetables. These researches, investigations, and surveys will, of course, entail considerable expense, for which no appropriation is available.

So during the regular session we did in substance make an authorization, but we got nothing done, because the Secretary said there was no fund available.

Mr. McKELLAR. The same argument may be made about everything in the bill. There is no appropriation for anything in the bill, because it is all in the hands of the Secretary. But when the Congress, by the first six lines and the



last five lines of the Senator's amendment, authorizes an investigation of crop insurance, the Department is obliged to make it.

Mr. PEPPER. Mr. President, would not the Senator's purpose be achieved by letting the amendment be amended so as to contain the sum of \$150,000, and also the limitation that it presently carries, "or so much thereof as may be required"? In that way we will have indicated that we mean something substantial about this matter, but at the same time we will leave to the discretion of the Secretary the amount of the expenditure necessary to do the job.

I should be very glad, at the suggestion of the Senator from Tennessee, to delete from the amendment the words "set aside and", and then delete the words, "out of any sums appropriated for the purpose of the Soil Conservation and Domestic Allotment Act, as amended", so that it would read:

The Secretary of Agriculture is authorized and directed to use the sum of \$150,000 annually or so much thereof as may be required.

Mr. McKELLAR. That would prevent the sum being taken out of the fund we are now legislating about. If the Secretary is now engaged in making the very investigation which the Senator has asked that he make under a previous resolution, and the Secretary indicates in his letter that he is making the investigation so far as his money goes, it seems to me an authorization is all that is needed in this bill. I think that matter should come before the Appropriations Committee in the usual way that all appropriation requests come.

The PRESIDING OFFICER. The time of the Senator on the amendment has expired.

Mr. PEPPER. Mr. President, I do not want to be in disagreement with the Senator from Tennessee, but I did think I had made clear what may be achieved by the amendment. I ask that the amendment be amended so that it will read:

The Secretary of Agriculture—

Beginning back in line 6—

is authorized to use the sum of \$150,000, or so much thereof as may be required until such study is completed, in making a study of a feasible and practicable plan of crop insurance for fruits, vegetables, and other agricultural crops, particularly subject to the hazards of weather—

And so forth.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Idaho?

Mr. PEPPER. I yield.

Mr. BORAH. Would not the Senator's objective be accomplished simply by saying—

There is hereby authorized to be appropriated the sum of not exceeding \$150,000, or so much thereof as may be necessary—

For the Secretary of Agriculture to do so-and-so, as the Senator provides here?

Mr. PEPPER. Would it be agreeable to the Senator from Tennessee if it were done according to the suggestion of the Senator from Idaho?

Mr. McKELLAR. Yes, Mr. President.

Mr. PEPPER. Then Mr. President, the amendment would read, beginning in line 6 of my amendment:

There is hereby authorized to be appropriated the sum of \$150,000, or so much thereof as may be required to be used by the Secretary of Agriculture in making a study of a feasible and practicable plan of crop insurance for fruits, vegetables, and other crops; and the Secretary, upon the completion of such study, on obtaining sufficient data to enable him to make a report, is directed to report his findings and recommendations with respect to such plan or plans of crop insurance to the Congress at the earliest practicable date.

The amendment as it now stands goes down to line 6, and then from line 6 down to the conclusion, being as I have just indicated.

Mr. McKELLAR. That language should be "authorized to be appropriated."

Mr. PEPPER. Very well.

Mr. McKELLAR. That is the usual language in all authorization bills.

Mr. PEPPER. I accept that correction.

The PRESIDING OFFICER. The time of the Senator from Florida on the amendment has expired.

Mr. PEPPER. May I take time on the bill, Mr. President?

The PRESIDING OFFICER. The Senator has time on the bill.

Mr. PEPPER. Very well. I have deleted the word "annually", Mr. President. I call attention to the fact that I have deleted the provision for annual appropriations, but express the hope that this appropriation will not be simply a 1-year matter, but that in due course when the matter comes up again such further appropriation as may be necessary will be made.

Mr. ADAMS. Mr. President, I desire to make a suggestion to the Senator from Florida. If I read the amendment correctly, there is one thing in it which I think is most commendable, because I gather that the purpose is to diminish the hazards of weather.

Mr. McKELLAR. That has been changed.

Mr. ADAMS. I think that is most commendable. It will be worth the money if it can be done for \$150,000. [Laughter.]

Mr. PEPPER. Mr. President, the language in line 3 has been amended, as I understand, to read "hazards of production", and strike out the words "of weather to which their crops are subject."

I move the adoption of the amendment.

Mr. McKELLAR. May the amendment be read?

The PRESIDING OFFICER. The Official Reporter will read the amendment, as modified.

The Official Reporter (Fred A. Carlson) read as follows:

There is hereby authorized to be appropriated the sum of \$150,000, or so much thereof as may be required, to be used by the Secretary of Agriculture in making a study of a feasible and practicable plan of crop insurance for fruits, vegetables, and all other crops, and the Secretary, upon the completion of such study, is directed to report his findings and recommendations with respect to such plan of crop insurance to the Congress at the earliest practicable date.

Mr. McKELLAR. The word "necessary" should be used, instead of "required."

The PRESIDING OFFICER. The question is on agreeing to the modified amendment as stated by the Official Reporter.

Mr. PEPPER. Let me state that this is the way it would read, in addition to the language read by the Official Reporter:

Congress recognizes the insecurity which those engaged in agriculture and horticulture experience on account of hazards of production; and—

The PRESIDING OFFICER. The question is on the amendment as stated by the Official Reporter, and as modified by the language submitted by the Senator from Florida.

The amendment, as modified, was agreed to.

Mr. HATCH. Mr. President, on Saturday some discussion took place on the floor of the Senate as to the expenses of the county committees under the soil-conservation program. If I may have the attention of the Senator from Washington [Mr. Bone], I desire particularly to have him hear what I am about to say.

My remarks on Saturday were in connection with the expenses of the local committees. At that time I said that I had confidence in the ability of the local committees to keep their expenses within due bounds, and I still express that thought and belief. I also stated on Saturday, however, that it was my belief that in order for the local committees to keep those expenses within proper bounds and limitations, the farmers themselves should know what the expenses were, to whom the money was being paid, and in what amounts.

In line with this thought, I propose to offer an amendment which is now in preparation; and I give notice that I shall offer an amendment to the pending bill to the general effect that all the local expenses of State and county committees shall be estimated and figured so that when the farmer



receives his check he will know how much has been deducted for those expenses. Also, I shall include in the amendment another provision for publishing, perhaps by notice at the courthouse door, a list of the names of the employees, and the amounts they are receiving.

It is my thought that if the farmers can have that information, if they know what the administration of the act is costing them and how much is being taken from their checks, they will handle the question of expenses so far as it is within their power to do so.

Mr. RUSSELL. Mr. President, on Saturday I made the statement that the administration of the Soil Conservation Act cost in excess of 10 percent of the total amount appropriated for payments to farmers under it.

I have in my hand a table which was prepared by the Agricultural Adjustment Administration which shows that for the crop year 1936 the farmers received the sum of \$349,925,085.10 for soil-conservation payments. The entire amount expended was \$395,141,374.68. That shows that for the various phases of administration, including the expenditures by the Washington office, by the regional offices, by the State offices, by the county committees, and by the local committees, the sum of \$45,216,289.58, which was appropriated for soil-conservation payments to farmers, was used in the administration of this fund, and to provide the machinery to get the benefit payments to the farmers. The total payments were less than \$400,000,000, and \$45,000,000 was used in administration.

In other words, Mr. President, I should have been nearer correct on Saturday had I said that 12 or 12½ percent of the total amount appropriated went into expenditures than to have said that 10 percent of the total amount appropriated was used in the administration of the act.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. McKellar in the chair). Does the Senator from Georgia yield to the Senator from Kentucky?

Mr. RUSSELL. I yield to the Senator.

Mr. BARKLEY. The largest part of the sum represented in that expenditure, as I understand, was incurred in what we call county expenses; that is, the expenses of the county representatives, who had to visit individual farms and check up on them. While I have not the percentage in my mind, I understand that outside of the local county expenditures made necessary by individual visits to farms and to check up on individual farms, the expenditures in the Washington and State and regional offices were considerably less than half the amount to which the Senator refers.

Mr. RUSSELL. The table which I intend to offer for the RECORD has a break-down of the expenditures in the various phases of administration. Approximately \$20,000,000 of the \$45,000,000 was spent within the counties by the county committees and the local district committees.

The most striking thing about this table is the great disparity in the amounts paid in various States which have a

similar type of agriculture, and within the same region, for the same type of services.

I happened to observe, in looking over the various regional expenditures, that in the State of Ohio the farmers were paid the sum of \$8,059,000, in round figures, and it cost for county administration the sum of \$1,287,000, in round figures, whereas in the State of Indiana, in the same region, the farmers received \$9,500,000 at a cost for county administration of \$771,000. That is a point which I have been trying to impress upon the Senate, that there is no uniform rule for the administration of this act, and that there should be here within the Department some fixed policy that will affect the expenditures within the State, because every time a dollar is consumed in administrative expenses it means that some farmer, somewhere—the man for whom we were appropriating the money, the man we thought we were helping—has been denied that dollar, and has failed to receive it.

Mr. President, I offer and ask to have printed in the RECORD as part of my remarks these tables, which include the total expenditures over the entire country, as well as the expenditures within the various regions.

The PRESIDING OFFICER. Without objection, the tables will be printed at the conclusion of the Senator's remarks.

(See exhibit A.)

Mr. RUSSELL. The Members of the Senate, I think, will be most interested to observe the tremendous difference in expenditures in the region to which I referred. I saw another set of figures, which were in the possession of another Senator, which disclosed that within the State of Ohio it cost over 17 percent to administer this program, whereas in the State of South Dakota it cost around 4 percent; yet South Dakota received approximately \$5,000,000 more than did Ohio, and the farms which had to be measured in South Dakota were approximately twice as large as the farms which were measured in the State of Ohio. I say that some limitation should be fixed in this bill.

I am not being critical of the county committees. I join my friend the able Senator from New Mexico [Mr. HATCH] in the very high tribute he has paid to the county committees; but it is wrong as a matter of policy to legislate here and appropriate money to farmers and then say that the county committees and the local committees shall be absolutely without restraint as to the number of days they may meet in the administration of the program, and have one county committee, perhaps, meeting 50 or 60 days in the year, each member receiving a per diem, and the committee in another county meeting only 25 or 30 days per year, under exactly the same conditions, and with exactly the same type of farming being carried on in both counties.

I think we should give particular attention to this matter; and I shall have a few more remarks to make on this subject when I offer my amendment, which proposes to limit the administrative cost of this program to 6 percent of the total amount appropriated. I think we shall see that that will be an ample amount to administer the program.

#### EXHIBIT A

Summary by regions of expenditures made in effecting the 1936 agricultural conservation program up to and including Sept. 30, 1937

All regions	Expended for farm payments	Expended for county expense, 1936 program	Expended for county expense, 1937 program <sup>1</sup>	State office administrative expense, fiscal year 1937	Washington administrative expense	State and county expense prior to July 1, 1936, fiscal year 1936	Total expended
Northeast.....	\$6,795,447.36	\$492,845.08	\$312,760.88	\$462,552.36	\$145,939.24	\$192,043.74	\$8,401,588.66
East Central.....	36,066,291.78	1,496,090.16	384,395.74	1,204,895.63	199,909.61	293,239.47	39,644,822.39
Southern.....	107,334,232.57	4,936,877.76	610,607.51	4,547,787.34	580,271.57	1,042,149.36	119,051,926.11
North Central.....	133,025,739.73	9,766,950.88	3,159,224.25	3,091,865.12	503,557.03	2,495,961.58	152,043,298.59
Western.....	65,399,888.08	2,716,749.95	1,221,995.17	1,703,995.02	416,445.13	360,306.60	71,819,379.95
Insular.....	1,303,485.58			142,382.28	13,630.28		1,459,498.14
Regional total.....	349,925,085.10	19,409,513.83	5,688,983.55	11,153,477.75	1,859,752.86	4,383,700.75	392,420,513.84
Other divisions and offices.....							2,720,890.84
Grand total, expended, 1936 program <sup>1</sup> .....							395,141,374.68
							349,925,085.10
							45,216,289.58

<sup>1</sup> County expense, 1937 program, paid from this appropriation; reimbursable by deduction from 1937 program farm payments.



Summary by States of expenditures made from the funds appropriated for effecting the 1936 agricultural conservation program as of Sept. 30, 1937

## NORTHEAST REGION

	Expended for farm payments	Expended for county expense	Total expended, 1936 program, conservation payments	State office administrative expenses, fiscal year 1937	Total expended, 1936 program, fiscal year 1937
Maine.....	\$301,816.69	\$35,494.52	\$337,311.21	\$45,763.25	\$383,074.46
New Hampshire.....	82,106.01	12,745.11	94,851.12	15,042.26	109,893.38
Vermont.....	267,323.16	27,567.54	294,890.70	25,586.20	320,476.90
Massachusetts.....	183,974.12	25,750.45	209,724.57	21,297.28	231,021.85
Rhode Island.....	8,868.06		8,868.06	4,696.48	13,564.54
Connecticut.....	350,840.42	12,831.47	363,671.89	24,656.74	388,328.63
New York.....	2,708,945.95	185,222.50	2,894,168.45	147,365.84	3,041,534.29
New Jersey.....	305,327.42	8,911.18	314,238.60	30,306.35	344,544.95
Pennsylvania.....	2,586,245.53	184,322.31	2,770,567.84	147,834.96	2,918,402.80
Total field, northeast region, 1936 program.....	6,795,447.36	492,845.08	7,288,292.44	462,552.36	7,750,844.80
Total county expense, 1937 program <sup>1</sup> .....					312,760.88
Total field expenditures northeast region, 1936 program appropriation, fiscal year 1937.....					8,063,605.68

## EAST CENTRAL REGION

Maryland.....	\$1,309,469.81	\$53,583.87	\$1,363,053.68	\$49,466.29	\$1,412,519.97
Delaware.....	309,617.73	15,431.31	325,049.04	11,899.47	336,948.51
Virginia.....	3,118,187.43	178,249.55	3,296,436.98	135,057.03	3,431,494.01
West Virginia.....	589,107.72	66,067.80	655,175.52	44,171.22	699,346.74
North Carolina.....	11,823,394.54	480,906.71	12,304,301.25	374,083.24	12,678,384.49
Kentucky.....	10,635,992.64	415,433.33	11,051,425.97	306,676.71	11,358,102.68
Tennessee.....	8,280,521.91	286,417.59	8,566,939.50	282,941.67	8,849,881.17
Total field, east central region, 1936 program.....	36,066,291.78	1,496,090.16	37,562,381.94	1,204,895.63	38,767,277.57
Total county expenses, 1937 program <sup>1</sup> .....					384,395.74
Total field expenditures, east central region, 1936 program appropriation, fiscal year 1937.....					39,151,673.31

## SOUTHERN REGION

South Carolina.....	\$7,482,286.00	\$434,483.02	\$7,916,769.02	\$298,491.97	\$8,215,260.99
Georgia.....	10,951,256.98	411,981.02	11,363,238.00	698,853.64	12,062,091.64
Florida.....	1,216,580.71	125,608.13	1,342,188.84	145,694.08	1,487,882.92
Alabama.....	10,292,251.97	673,582.59	10,965,834.56	500,905.43	11,466,739.99
Mississippi.....	10,710,702.27	592,280.69	11,302,982.96	452,441.57	11,755,424.53
Arkansas.....	10,096,732.25	524,640.66	10,621,372.91	561,352.66	11,182,725.57
Louisiana.....	6,767,139.47	374,007.07	7,141,146.54	365,942.08	7,507,088.62
Oklahoma.....	13,858,865.55	646,598.34	14,505,463.89	476,164.46	14,981,628.35
Texas.....	35,958,417.37	1,153,606.24	37,112,113.61	987,940.45	38,100,054.06
Total field, southern region, 1936 program.....	107,334,232.57	4,936,877.76	112,271,110.33	4,547,787.34	116,818,897.67
Total county expenses, 1937 program <sup>1</sup> .....					610,607.51
Total field expenditures, southern region, 1936 program appropriation, fiscal year 1937.....					117,429,505.18

## NORTH CENTRAL REGION

Ohio.....	\$8,059,676.78	\$1,287,041.77	\$9,346,718.55	\$300,353.62	\$9,647,072.17
Indiana.....	9,545,118.36	771,037.10	10,316,155.46	273,890.62	10,590,046.08
Illinois.....	15,177,198.41	1,226,237.83	16,403,436.24	320,808.35	16,724,244.59
Michigan.....	5,963,827.32	813,205.82	6,777,033.14	307,988.00	7,085,021.14
Wisconsin.....	10,148,228.73	962,828.17	11,111,056.90	286,796.56	11,397,853.46
Minnesota.....	17,009,412.50	966,692.83	17,976,105.33	319,143.99	18,295,249.32
Iowa.....	26,370,528.99	1,260,687.78	27,631,216.77	572,966.30	28,204,183.07
Missouri.....	11,768,740.13	911,279.95	12,680,020.08	309,161.47	12,989,181.55
South Dakota.....	15,102,135.49	546,632.73	15,648,768.22	290,179.91	15,938,948.13
Nebraska.....	13,880,873.02	1,021,306.90	14,902,179.92	310,576.30	15,212,756.22
Total field, north central region, 1936 program.....	133,025,739.73	9,766,950.88	142,792,690.61	3,091,865.12	145,884,555.73
Total county expenses, 1937 program <sup>1</sup> .....					3,159,224.25
Total field expenditures, north central region, 1936 program appropriation, fiscal year 1937.....					149,043,779.98

## WESTERN REGION

North Dakota.....	\$20,334,068.29	\$601,048.18	\$20,935,116.47	\$266,312.02	\$21,201,428.49
Kansas.....	17,441,148.56	648,529.65	18,089,678.21	244,437.13	18,334,115.34
Montana.....	6,669,165.93	320,269.74	6,989,435.67	238,209.59	7,227,645.26
Idaho.....	2,566,352.75	134,921.54	2,701,274.29	76,761.17	2,778,035.46
Wyoming.....	1,096,524.65	74,143.38	1,170,668.03	62,434.56	1,233,102.59
Colorado.....	4,217,232.33	206,855.74	4,424,088.07	216,019.24	4,640,107.31
New Mexico.....	2,775,793.59	106,985.99	2,882,779.58	77,215.75	2,959,995.33
Utah.....	934,313.40	52,727.33	987,040.73	129,945.69	1,116,986.42
Nevada.....	130,795.97	5,878.58	136,674.55	25,135.01	162,809.56
Oregon.....	1,815,821.66	110,907.79	1,926,729.45	105,547.92	2,032,277.37
Arizona.....	1,036,103.94	32,297.74	1,068,401.68	36,515.35	1,104,917.03
Washington.....	2,335,750.13	103,802.86	2,439,552.99	71,390.63	2,510,943.62
California.....	4,046,816.88	318,381.43	4,365,198.31	153,070.96	4,518,269.27
Total field, western region, 1936 program.....	65,399,888.08	2,716,749.95	68,116,638.03	1,703,995.02	69,820,633.05
Total county expenses, 1937 program <sup>1</sup> .....					1,221,995.17
Total field expenditures, western region, 1936 program appropriation, fiscal year 1937.....					71,042,628.22

<sup>1</sup> Paid from 1936 program appropriation; reimbursable by deduction from 1937 program, farm payments.



Summary by territories of expenditures made in the insular region from the funds appropriated for effecting the 1936 agricultural conservation program as of Sept. 30, 1937

Territories	Expended for farm payments	Total expended, 1936 program conservation payments	State office administrative expense, fiscal year 1937	Total expended, 1936 program, fiscal year 1937
Alaska.....	\$1,005.00	\$1,005.00	\$2,655.37	\$3,660.37
Hawaii.....	577,222.33	577,222.33	18,532.29	595,754.62
Puerto Rico.....	725,258.25	725,258.25	121,194.62	846,452.87
Total, field insular region, 1936 program.....	1,303,485.58	1,303,485.58	142,382.28	1,445,867.86

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, on page 94, line 16, to insert:

Title IX—Cotton Pool Participation Trust Certificates.

The amendment was agreed to.

The next amendment was, on page 94, after line 17, to insert:

SEC. 90. There is hereby authorized to be appropriated, from any moneys in the Treasury of the United States not otherwise appropriated, the sum of \$1,800,000, or so much thereof as may be required by the Secretary to accomplish the purposes hereinafter declared and authorized. The Secretary of the Treasury is hereby authorized and directed to pay to, or upon the order of, the Secretary, such a part or all of the sum hereby appropriated at the request of the Secretary.

Mr. McNARY. Mr. President, I should like to have that amendment explained. I observe that this section was not in the bill on which hearings were held. It comes into the bill quite unexpectedly. I am wondering how it fits into this larger plan of so-called farm relief.

Mr. POPE. Mr. President, the Senator from South Carolina [Mr. SMITH] offered this amendment, and it was adopted by the Committee on Agriculture and Forestry. Its provisions are the same as those of a bill which has passed the Senate, but is still pending in the House; and it was the desire of the Senator from South Carolina that it be attached to this bill. I think the Senator from South Carolina should, if he desires to do so, explain the amendment.

I might say to the Senator from Oregon [Mr. McNARY] that I shall read a paragraph of the letter from the Secretary in which reference was made to this point. The explanation will have to rest with the Senator from South Carolina [Mr. SMITH]. I now read from the letter:

Attention is also directed to title IX of the bill. This is almost identical with similar legislation on which this Department made an unfavorable report to the Senate Committee on Agriculture and Forestry on June 8, 1937. In that report it was pointed out that the obligations of the cotton producers' pool have been discharged and that the remaining balance of funds of approximately \$1,800,000 accrued from sources in which the producer members of the cotton pool were not interested. Available information also indicates that speculators have purchased some of these certificates from many of the original producer members of the cotton pool at prices ranging down to 40 cents per bale. The proposed legislation would have the effect of redeeming certificates now in the hands of such speculators on the basis of \$1 per bale.

I notice the Senator from South Carolina has just entered the Chamber. Since the amendment was proposed by him and adopted by the committee I am sure the Senator from Oregon can obtain from the Senator from South Carolina the information he desires.

Mr. SMITH. Mr. President, my name has been mentioned in connection with this amendment. I have studied the record. This is identically the language of the bill that was introduced by the Senator from Alabama [Mr. BANKHEAD]. I feel sure that any right-thinking man would not endorse the statement read by the Senator from Idaho [Mr. POPE] as coming from the Department.

Mr. McNARY. Did the Senator say, "would not endorse it"?

Mr. SMITH. Yes. I am going to let the Senator from Alabama [Mr. BANKHEAD] explain why the bill was introduced and passed by this body once, but before that is done I want to invite attention to the contract. I have seen a statement in a newspaper article which makes the paper liable to a suit for libel by myself and the Senator from

Alabama on the ground that it was intimated, if not directly charged, that we are conspiring to mulct the Government for the benefit of speculators. That is practically what is in the article. Let me read the contract, and we will attend to the other part of the matter later. I want to read the contract entered into with these farmers when they signed up to plant their crop. This particular part of it reads:

The manager, after paying all charges incident to the operation of the pool, shall pay to the Secretary the proceeds derived from the sale of any cotton marketed up to an amount equal to 12 cents per pound of said cotton, that amount being the original option price of 6 cents per pound, plus the gross advances heretofore made to the producer, including carrying charges to October 1, 1934. After all debts and liens against the cotton shall have been discharged and all expenses incurred or fixed by the manager subsequent to October 1, 1934, in conjunction with the carrying, handling, and/or marketing of the said cotton and in the conduct of the pool have been paid, the managers shall thereafter distribute the remaining proceeds ratably to the holders of record of participation cost certificates in accordance with their several interests as established by said certificates and in accordance with applicable regulations.

In other words, after the farmer had been paid his 12 cents and after all expenses incurred had been liquidated, then the residue of the proceeds of the crop should be divided amongst the holders of the participating certificates. That amounted to \$1,800,000, which was clearly and unmistakably the profits of the farmers who contributed to the pool.

When we had our cotton investigation the same question arose. Mr. Oscar Johnston was asked to testify and I should like to read from his testimony. Mr. Wyllie asked this question:

Now, if all of the funds in the hands of the Secretary of Agriculture must be considered as part of the pool funds, what would be the object or necessity of the pool filing any claim against them?

Mr. JOHNSTON. In the handling of Government accounting before that credit is set up to the pool the Comptroller General and the audit section are going to have to be convinced of each and every item that went into it when they undertake to break it down as a proper charge. It is my judgment, both as a lawyer and as manager, that every dime belongs to the pool.

I read further. In response to a question Mr. Johnston said:

It is more than an accounting problem. It is an administrative problem. It is a matter for the Secretary of Agriculture to determine ultimately the extent to which certain items that are credited in the Secretary's so-called private account are pool items. My personal opinion, as manager of the pool and as a lawyer, is that when this pool is liquidated every dime over and above the amounts required to pay the Treasury of the United States the amount advanced and to pay the operating costs is entitled to be distributed to the participating trust certificate holders.

Mr. President, under the pool arrangement certain cottons were turned in. First an advance of 10 cents was made and ultimately an advance of 12 cents. When the cotton was disposed of from the pool and all matters were liquidated, certain individuals held participating certificates entitling them to participate in the remainder of the fund, which was to be divided among them, as Mr. Johnston stated, pro rata, according to the number of bales and the poundage. For some reason it is now claimed that this money was extra and beyond the pool, though it is not denied that it came out of the cotton, but that for some reason or other the money called for by the certificates should be diverted into some other channel.

I have no interest in the matter except that where the farmer participated in a certain project and was promised, through certain certificates, that he should participate



according to the amount remaining over and above every settlement, I think in common honesty he ought to be paid. We are told that the certificates have passed into the hands of speculators, but I do not know anything about that. I know if a negotiable instrument was delivered to me and I wanted the money and the Senator from Arizona [Mr. ASHURST] would say, "I will buy your certificate. What will you take for it?" It would be a trade between him and me. What has the Government to do with it? If I am willing to sell it at a certain price, that is a trade between him and me, and has nothing to do with the obligation of the Government to redeem the certificate. If the Senator from Arizona wanted to speculate and would give me 50 cents for a certificate which called for a dollar, I would release my claim to a possible 50-cent profit and it would be a risk he would take.

But any insinuation that I am here trying to collect money for a lot of speculators at the expense of the farmer is simply an infernal lie. I am sick and tired of having the motives of an honest and honorable man garbled and questioned in this way. Here is the fact as I have submitted it. Here is the contract. Here is the amount of money that is distributable. I do not know who is going to get it except that I do think the farmers should participate. I think it is an honest debt to the participants in the pool regardless of who holds the certificate.

I cannot understand the attitude of the Department that that would be helping a speculator. The Government issued a negotiable instrument and said, for instance, to the Senator from North Carolina [Mr. BAILEY], "As long as you hold that certificate you may participate in whatever fund remains over and above the settlement."

Mr. BAILEY. Mr. President, let me interrupt the Senator.

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from North Carolina?

Mr. SMITH. I yield.

Mr. BAILEY. Is it not true that a suit for the money would lie against the Government if brought by the holder of the certificate, and that he could undoubtedly recover?

Mr. SMITH. Yes.

Mr. BAILEY. The Senator said he did not understand this attitude on the part of the Department. Is this the only matter in the Department that the Senator does not understand?

Mr. SMITH. Oh, no; not by any means. I do not know how long it would take me to answer that question if I should start.

I have just read in the public press an insinuation that I am conspiring to mulct the Government for the benefit of speculators. I think it is about time for some of us here to exercise our right to freedom of speech as well as for the newspapers to have "freedom of the press." I would not have noticed it if it had not been published in a paper for which I have such high regard. I like to read the Washington Star. It is generally very fair. I want my colleagues to read that infamous insinuation which was published.

I do not think it is necessary for me to make any further statement. I have tried to conduct myself—no; I will not say I have tried, because I was born and bred a gentleman and every act of mine is in accordance with my breeding. I do not have to try to be one. I was born one and trained to be one.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. SMITH. Certainly.

Mr. ADAMS. As I gather from the statement of the Senator from South Carolina, this issue is not only a moral but a legal obligation upon the part of the Treasury to pay the money to the holders of these certificates. That being so, I am wondering why in section 95 of the bill is contained a provision that this payment is in the nature of a gratuitous action on the part of the United States. If it is an obligation that we ought to pay, if it is an obligation that the Government ought to perform, we ought not to say, as apparently this section does, that the United States is not obligated and that it is simply a gratuitous action on the part of the Government.

Mr. SMITH. Mr. President, I think the Senator from Alabama can explain that. It is because of certain rules and regulations. But in the light of the contract signed by the farmer, which I have read, I do not think his claim could be waived or affected by any rule or regulation.

Mr. ADAMS. Are we not in a better position if we pay that which we say we owe, rather than to say "now we are making you a present?"

Mr. SMITH. I think so; certainly. I have read the terms under which the contract was signed. I have read the opinion under oath of the Administrator, Mr. Oscar Johnson, in which he said, "I believe every dime of it belongs to the certificate holder."

Mr. President, if it is necessary for me to say any more than I have said, I shall be delighted to do so.

Mr. BILBO. Mr. President, I wish to offer an amendment as a new section in title 9, and I offer it in explanation and justification of the course of my distinguished friend and colleague the Senator from South Carolina, against whom certain charges have been made in the public press.

The PRESIDING OFFICER. The Chair is informed by the parliamentarian that in order to do what the Senator desires he will have to offer his amendment as an amendment to section 90.

Mr. BILBO. I am offering it as an amendment to the entire title.

The PRESIDING OFFICER. The Senate is taking up amendments to the various sections, and therefore the Senator will have to wait until we get to the end of the title.

Mr. BILBO. Very well.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 94, line 16.

Mr. ADAMS. Mr. President, there is a phrase in this amendment which is inaccurate, and I move an amendment in that section, on page 94, line 25, before the word "appropriated", to insert the words "authorized to be".

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment.

The next amendment was, on page 95, line 1, to insert the following:

SEC. 91. The Secretary is hereby authorized to draw from the Treasury of the United States any part or all of the sum hereby appropriated, and to deposit same to his credit with the Treasurer of the United States, under special symbol number, to be available for disbursement for the purposes hereinafter stated.

Mr. ADAMS. Mr. President, in this amendment there should also be an amendment, in line 3, before the word "appropriated", to insert the words "authorized to be".

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment.

The next amendment was, on page 95, after line 6, to insert the following:

SEC. 92. The Secretary is hereby authorized to make available, from the sum hereby appropriated, to the manager, cotton pool, such sum or sums as may be necessary to enable the manager to purchase, take up, and cancel, subject to the restrictions hereinafter reserved, pool participation trust certificates, Form C-51, where such certificates shall be tendered to the manager, cotton pool, by the person or persons shown by the records of the Department to have been the lawful holder and owner thereof on February 1, 1937, the purchase price to be paid for the certificates so purchased to be at the rate of \$1 per 500-pound bale for every bale or fractional part thereof represented by the certificates C-51. The Secretary is further authorized to pay directly, or to advance to the manager, cotton pool, to enable him to pay costs and expenses incident to the purchase of certificates as aforesaid, and any balance remaining to the credit of the Secretary, or the manager, cotton pool, not required for the purchase of these certificates in accordance with the provisions of this act, shall, at the expiration of the purchase period, be covered into the Treasury of the United States as miscellaneous receipts.

Mr. ADAMS. In this amendment on line 8, before the word "appropriated", I move to insert the words "authorized to be."

The amendment to the amendment was agreed to.



Mr. BANKHEAD. Mr. President, I have an amendment on page 95, line 12, to strike out "C-51" and to insert in lieu thereof "C-5-I."

The amendment to the amendment was agreed to.

Mr. BANKHEAD. I also move to amend on line 15 by striking out "February" and inserting "May."

The amendment to the amendment was agreed to.

Mr. BANKHEAD. I move to amend the amendment on line 18 by striking out "C-51" and inserting in lieu thereof "C-5-I."

The amendment to the amendment was agreed to.

Mr. McNARY. Mr. President, in view of the adverse report of the Secretary, I call attention to the language commencing with line 18 on page 95, "The Secretary is further authorized to pay directly, or to advance to the manager, cotton pool, to enable him," and so forth. Does that mean payment to the manager of the cotton pool, or to the manager and the cotton pool?

Mr. BANKHEAD. It means the manager of the cotton pool.

The PRESIDING OFFICER. The clerk will state the amendment to the amendment as suggested by the Senator from Alabama.

The CHIEF CLERK. On page 95, line 20, before the word "the", insert a comma, and after the word "manager", strike out the comma and insert the words "of the", so as to read, "or to advance, to the manager of the cotton pool", and so forth.

The amendment to the amendment was agreed to.

Mr. OVERTON. Mr. President, as I understand the explanation of the Senator from South Carolina, the certificates are negotiable in character, but the authorization is to pay to the holder of the certificates as of the date February 1, 1937. If they are negotiable in character, why should they not be paid to the holder of the certificates at the time of presentation, and why that dead line of February 1, 1937?

Mr. BANKHEAD. Mr. President, the date was fixed to prevent anyone buying the certificates and taking advantage of the farmers after the bill had been introduced. That is the reason for it. The date has now been changed to May 1.

Mr. OVERTON. Can the Senator from Alabama tell me how many of these certificates are in the hands of speculators?

Mr. BANKHEAD. I do not know how the Senator would define "speculator." The Department said that only 14 percent of the entire amount has ever been transferred in any way.

Mr. OVERTON. Eighty-six percent are in the hands of the original payees?

Mr. BANKHEAD. Yes; of course, we all know that a great many of them went into the hands of merchants for advances, and so forth, and have been traded around.

The PRESIDING OFFICER. The question is on agreeing to the amendment on page 95, line 7, as amended.

The amendment as amended was agreed to.

The next amendment was, on page 96, after line 2, to insert the following:

Sec. 93. The authority of the manager, cotton pool, to purchase and pay for certificates hereunder shall extend to and include the 31st day of January 1938: *Provided*, That after expiration of the said limit the purchase may be consummated of any certificates tendered to the manager, cotton pool, on or before January 1, 1938, but where for any reason the purchase price shall not have been paid by the manager, cotton pool. The Secretary is authorized to promulgate such rules, regulations, and requirements as in his discretion are proper to effectuate the general purposes of this title, which purpose is here stated to be specifically to authorize the purchase of outstanding pool-participation trust certificates, Form C-51, for a purchase price to be determined at the rate of \$1 per bale, or twenty one-hundredths cent per pound, for the cotton evidenced by the said certificates, provided such certificates be tendered by holders thereof in accordance with regulations prescribed by the Secretary not later than the 31st day of January 1938, and provided such certificates may not be purchased from persons other than those shown by the records of the Department to have been holders thereof on or before the 1st day of May 1937.

Mr. BANKHEAD. I offer an amendment to this amendment, on page 96, line 15, to strike out "C-51" and to insert in lieu thereof "C-5-I."

The amendment to the amendment was agreed to.

Mr. BANKHEAD. I also move to amend, on page 96, line 20, by striking out "January" and inserting "July."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment was, on page 96, after line 23, to insert the following:

Sec. 94. The Secretary is authorized to continue in existence the 1933 cotton producers pool so long as may be required to effectuate the purposes of this title. All expense incident to the accomplishment of purposes of this title may be paid from funds hereby appropriated, for which purpose the fund hereby appropriated shall be deemed as supplemental to such funds as are now to the credit of the Secretary, reserved for the purpose of defraying operating expenses of the pool.

The PRESIDING OFFICER (Mr. McKellar in the chair). The Chair takes the liberty of calling attention to line 3, page 97, where, before the word "appropriated", the words "authorized to be" should be inserted.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The same amendment should be made, on line 4, before the word "appropriated", to insert the words "authorized to be."

The amendment to the amendment was agreed to.

Mr. McNARY. Mr. President, this whole proposal is contrary to the views of the Secretary, and I call the attention of the Senate to the language on line 24, page 96:

The Secretary is authorized to continue in existence the 1933 cotton producers' pool so long as may be required to effectuate the purposes of this title.

This pool goes back a period of 4½ years.

Mr. BANKHEAD. Mr. President, this is simply to wind it up and settle it. Nothing else is involved in the title but the settlement of the certificate.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee as amended.

The amendment as amended was agreed to.

Mr. BANKHEAD. Mr. President, I move to strike out all of section 95, beginning with line 7, to and including the word "transaction" in line 19; in other words, to strike out all except the last sentence.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 97, in section 95, it is proposed to strike out the language beginning with line 7 to and including the word "transaction" in line 19.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The PRESIDING OFFICER. The next amendment will be stated.

The CHIEF CLERK. It is proposed to renumber the sections as necessary.

The PRESIDING OFFICER. Without objection, the sections will be renumbered.

Mr. BANKHEAD. Mr. President, before this matter is finally closed, I think I should make a brief statement about the publication in the newspaper to which the chairman of the committee, the senior Senator from South Carolina [Mr. SMITH], has called attention.

I have been familiar with this transaction from its inception, and I know that a very great injustice has been done by the newspaper publication in intimating that the senior Senator from South Carolina has endeavored to favor some special interest in this matter. I wish to make that statement about it because I know the facts, and I know that any statement or imputation or inference of that character is totally unfounded.

I introduced the original bill dealing with that subject. I did it at the instance of numerous small holders of these cotton certificates. I consulted the Department about it, and, in fact, the bill was prepared for me in the Department while I was out west sick. The bill came to the committee and was



subsequently favorably reported and came to the floor of the Senate. In my absence, the senior Senator from Oklahoma [Mr. THOMAS] and my then colleague, the then senior Senator from Alabama, Mr. Black, presented the facts about this bill on the floor; and after a discussion of the merits of the bill and the subject matter involved, in which the senior Senator from South Carolina took no part, the bill was unanimously passed by the Senate.

I felt that the senior Senator from South Carolina owed an obligation to these certificate holders, because the certificates were issued under legislation sponsored by the Senator from South Carolina, who originated and presented in the original A. A. A. bill a program for issuing certificates of purchase to farmers who were willing to take them in lieu of that number of bales to be produced, and in that way by contract to bring about a reduction of the production for that year. It was a new plan in agricultural legislation. The plan was adopted, and under it about 3,000,000 bales or more, I believe, were contracted for, and these certificates were issued to the farmers.

Mr. Johnston was the manager of the pool. He was the representative of the Department of Agriculture, its official adviser in this matter, and its adviser until now with respect to many problems. He is one of the ablest men I know of in all the Southern States. Whether one agrees with his philosophy or not, it must be admitted that he is an outstanding figure in the State and in the South. He has been permanently connected with the Department of Agriculture since the present administration went into power. Mr. Johnston managed this cotton pool from beginning to end.

When he came before the committee he testified positively and affirmatively that every dime of this money belonged to those cotton farmers, the holders of the pool certificates.

I feel that the Senator from South Carolina, the author of that legislation, certainly owed an obligation to the farmers who participated under his plan to do something to help bring about a fair adjustment of those claims, notwithstanding the opposition of a lawyer in the Department of Agriculture, who has given the Secretary an adverse opinion on the question. I feel that the Senator from South Carolina owed the farmers such a duty, and I should have thought much less of the Senator than I do today had he ignored the situation or failed to take action with respect to it, because he did come forward, and he defended the rights of the original holders of the pool certificates.

So, Mr. President, with knowledge of the facts, knowing that the Senator from South Carolina has only done his duty in this matter, I regret that these words imputing to him unworthy motives have been published.

I am glad to make that statement.

Mr. McCARRAN. Mr. President, I wonder if the Senator from Alabama would dwell for a moment on something that seems to be even more pertinent than that on which he has dwelt. I quote from the article which I hold in my hand, which was handed to me by the senior Senator from South Carolina, as follows:

The farmers took the certificates, and the Agriculture Department cotton expert, Oscar Johnston, who is also the manager of the largest plantation in the Cotton Belt, took the job of making the certificates worth something. In selling off the cotton in the pool, Mr. Johnston hedged, bought futures, and employed the other devices of the shrewdest market operators. The result was that he got excellent prices for the pool cotton.

The significance of that is, or at least what I gather from it is, that Mr. Johnston was the beneficiary under a system which he himself initiated.

Mr. BANKHEAD. I do not think the writer means that he is a personal beneficiary. The article means that he conducted such transactions in behalf of the pool certificate owners, the farmers. That is what it means, I will say to the Senator.

Mr. McCARRAN. If that is what it means, very well. I got a different meaning from the article. It does not leave that meaning with me.

Mr. BANKHEAD. It does not involve anything personal.

Mr. BILBO. Mr. President, I desire to offer an amendment to the title. I was advised a while ago that I would be permitted to offer it after the adoption of section 95. If it is necessary, I can make it a part of section 95, so as to make it an amendment to the amendment.

The PRESIDING OFFICER. The committee amendment has been agreed to, but the action may be reconsidered.

Mr. BILBO. I may offer the amendment following section 95 at this time, may I not?

The PRESIDING OFFICER. It depends upon what it is.

Mr. BILBO. I ask to reconsider the action by which the committee amendment, being section 95, was agreed to.

The PRESIDING OFFICER. Is there objection? The Chair hears none; and the vote by which section 95 was agreed to is reconsidered for the purpose of allowing the Senator from Mississippi to offer an amendment.

Mr. BILBO. Mr. President, much has been said on the floor about the article attacking the senior Senator from South Carolina [Mr. SMITH] or anyone interested in or favorable to title IX. As a lawyer, it is my deliberate opinion that the article is libel per se. In order that my amendment to section 95 may be understood, I desire to read to the Senate a part of the article appearing in the Evening Star, Washington, Monday, December 13, 1937, under the heading the Capital Parade:

CLAUSE IN FARM BILL WOULD PAY OUT \$1,800,000 TO SPECULATORS IN COTTON CERTIFICATES

The Senate farm bill is a pretty singular piece of legislation, with plenty of strange things about it.

This is nothing less than an indictment against the committee that prepared the pending bill, as though there were something hidden in it, some crooked scheme stored up in some hidden phrase to defraud or wrong someone.

But the strangest is an unnoticed little clause directing the Agriculture Department to pay out \$1,800,000 to the holders of certificates for the cotton in the old Federal Farm Board cotton pool.

On its face the clause looks dull enough, but its real meaning is that, through the kind offices of Senator ELLISON D. SMITH, Democrat, of South Carolina, a number of cotton speculators will share a plump kitty. Senator SMITH, who is chairman of the Senate Agriculture Committee, popped the little clause into the farm bill.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. BILBO. I yield.

Mr. BAILEY. Can the distinguished Senator from Mississippi kindly explain to me what is meant by "kitty"?

Mr. BILBO. The writer uses the expression "plump kitty." I think he has reference to a nice little sum of money.

Mr. BAILEY. Does that mean that there is a plump lot of money in the bill?

Mr. BILBO. Yes.

Mr. BAILEY. Does the Senator know what is meant by "kitty"?

Mr. BILBO. Yes, Mr. President. A kind of jackpot is referred to there.

Mr. BAILEY. What is a "jackpot"?

Mr. BILBO. I shall explain that to the Senator in a minute.

Mr. BAILEY. I should like to hear about a "jackpot." I am new to this thing here in the Senate. There is a good deal of terminology of that sort which I do not understand. What is the relation of a "jackpot" to a "kitty"?

Mr. BILBO. I regret that the Senator has not been in Washington long enough to learn what a "jackpot" is.

Mr. BAILEY. My education is yet to be completed; but I should like first to have the Senator tell me what a "kitty" is, and not get mixed up with a "jackpot." I want to take up one thing at a time. Give me the definition of a "kitty," and then a "plump kitty," and then I should like to know the definition of a "jackpot"—that comes next—and if there is anything more I should like to know it.

Mr. BILBO. Possibly the Senator has been so unfortunate in his associates that he has not learned those terms.

The article continues:

As the clever Mr. Johnston sold the cotton off, the farmers who had become the actual owners of the cotton, through their certificates, received installment payments on its value.



Senators, listen to this indictment:

The dividends went on and on, until the full amount which the Federal Farm Board had originally given for the cotton had been paid out on the farmers' certificates. The certificates began to look like worthless paper to the farmers.

Not so to a smart group of cotton speculators, who sent buyers through the South to gather in all the certificates available.

That reminds us of the old story as to how, in the early beginning of this Government men went around over the country and bought bonds issued by the Original Colonies. They bought up the bonds before the Congress assumed the obligation for them.

The buyers were successful, and the speculators pretty nearly cornered the entire certificate supply. Then it was announced that, in addition to everything that has been paid out, clever Mr. Johnston had made an actual profit of \$1,800,000. The speculators prepared to receive this manna with thankful hearts.

Unfortunately, the Agriculture Department put its foot down. The Department experts knew perfectly well who had bought up the certificates and how and why. They took the position that there was no moral obligation to pay the \$1,800,000 of profit on Mr. Johnston's operations to a set of cotton speculators. For a time things looked bad for the speculators, but now Senator SMITH has come to the rescue.

Mr. President, the Senator from Alabama informs us that the Department has made a search and has found that only about 14 percent of these certificates have been cornered by the so-called cotton speculators as set out in this article appearing in the Star. In order to satisfy any Senator who may not be satisfied, and in order to defeat any speculator, if there were speculators, I offer an amendment to section 95 that will eliminate all suspicion or any chance of racketeering at the expense of the original owners of these certificates. I have written the amendment hurriedly. It may not be perfect in its diction, but I think it conveys the idea.

Mr. BANKHEAD. Mr. President, let me hand to the Senator one which I had prepared to submit to the Senate.

Mr. BILBO. This is the amendment just handed me by the Senator from Alabama:

Payments of pool participation certificates held by others than the original producers to whom they were issued shall be limited to the amount actually paid for such certificates with interest at 4 percent from the date of purchase.

I do not like that, because I think it is perfectly all right for anyone who bought those certificates to be paid the money that was invested, under the statement made by the Senator from South Carolina [Mr. SMITH] that the transaction in these certificates was bona fide and in good faith.

My amendment reads:

Nothing in this title No. IX shall be considered to authorize the Secretary to pay the assignee of any holder of such cotton pool participation trust certificates, form C-51 (other than the original owner) more than the purchase price paid by the assignee or holder of such certificate or certificates; provided such purchase price is \$1 per bale or twenty-one hundredths of a cent per pound or less.

If the assignee or holder other than the original holder receives less than \$1 per bale or twenty-one hundredths of a cent per pound, then the remainder between such payment so received by the assignee or holder and \$1 per bale or twenty-one hundredths of a cent per pound shall be paid to the producer or original holder of such certificate or certificates.

This not only takes care of the man who bought the certificate, but if he bought it for less than \$1 and there is a remainder left after he receives what was paid by him, then the Secretary is authorized to pay the remainder to the original owner, the farmer who originally held the certificate.

Mr. BAILEY. Mr. President, I was not very greatly enlightened by what the Senator from Mississippi [Mr. BILBO] said. It did not answer my question. I have a note from a very distinguished Senator who says, "The term 'kitty' is used by Methodists, and not by Baptists."

Mr. SMITH. Does the Senator pretend to tell me that a Member of this body is so unfamiliar with the relative merits of the two denominations that he made that mistake? [Laughter.]

Mr. BAILEY. I do not say. I merely read what the note said.

Mr. SMITH. If the Senator has any doubt whatever as to the meaning of the term, there are ample schools round about where he can learn its true meaning.

Mr. BAILEY. The thing strange about it is that none of these gentlemen with all this knowledge will give me any portion of it. If this article is libelous per se, as the Senator from Mississippi said, it is libelous per se in the use of the word "kitty." The word "kitty" has a very distinct meaning. It has a distinct meaning whether used by a Methodist, a Baptist, a Presbyterian, in the United States Senate, or by barbarians, whether used in Mississippi, North Carolina, South Carolina, or the District of Columbia.

The "kitty" is that portion of the proceeds on the table in a poker game which is set aside for the house, or on other occasions it is set aside in a common pot to be gambled for subsequently. That is my understanding of the word "kitty."

The use of the word "kitty" suggests that there was a common pot between the gentlemen, and that would suggest criminality and raise the presumption of libel with malice and of libel per se.

I was hoping the Senator from Mississippi [Mr. BILBO] would explain why he said the article was libelous per se. I am going to agree with him. If the court should accept my definition of the word "kitty," which I understand is the general definition in Washington and elsewhere, then the article is libelous per se; but if it adopts the idea of "kitty" being a young cat, it is not libelous per se. [Laughter.] All will depend on how the jury is charged in the circumstances.

While I have been on my feet I have been given this information about the meaning of "kitty" by two distinguished Senators in my rear. I knew nothing about it and I am giving my thanks to them for whispering to me about the "kitty."

But, Mr. President, I have something else on my mind. I question whether we could get very far by protesting in the Senate against what is written in the newspapers. I join with my friends in this protest against the reflection upon the distinguished senior Senator from South Carolina. The whole thing brought to my mind a matter of some importance to the farmers of North Carolina for which he was responsible. I wish to put it in the RECORD by way of being simply just to him.

Two years ago the Department of Agriculture distributed considerable sums of money to the tobacco farmers of my State. Farmers came to me with the checks and asked if it was right for them to receive them. They said they had been paid their rental benefits, they had been paid everything due them under the A. A. A., and this money came beyond the A. A. A. I looked into the matter and found the checks were divided checks from a tobacco pool which came over from the old cooperative collapse. The Government took over tobacco under precisely the terms of these cotton certificates, in a pool of the same character, and when the Department of Agriculture proposed to sell the tobacco at a price that would have yielded the farmer less than 11 cents a pound, the senior Senator from South Carolina [Mr. SMITH] persuaded them, and I think had an act passed requiring them to hold that tobacco.

It was finally sold, and under the influence and leadership of the senior Senator from South Carolina that tobacco brought to the farmers of North Carolina and South Carolina several million dollars. The senior Senator from South Carolina has never been thanked by the farmers. They thought it was rental money and A. A. A. money. It was the old tobacco cooperative money which brought the price of 20 cents a pound only because of what the senior Senator from South Carolina did. I desire to thank him now in behalf of the farmers of North Carolina.

Mr. HATCH. Mr. President, I do not think there is any disagreement about the end sought to be accomplished by the amendment offered by the Senator from Mississippi [Mr. BILBO], but I must confess that as it was read I was somewhat confused as to the language. I observed that the Senator



from Mississippi himself said he had prepared it rather hurriedly. The Senator from Alabama [Mr. BANKHEAD] has also prepared a similar amendment which the Senator from Mississippi read in the course of his remarks. I am wondering if the Senator from Mississippi would agree to let this matter go over until tomorrow morning so his amendment may be printed? At the suggestion of the Senator from Alabama I am sending to the desk the amendment prepared by that Senator, and ask that it be printed and lie on the table so we may consider its language.

Mr. BILBO. I shall be glad to have that arrangement made. The amendment was prepared hurriedly.

The PRESIDING OFFICER. Both amendments will be received, printed, and lie on the table.

Mr. BARKLEY. Mr. President, I suggest that we return to the amendments passed over, and take them up in the order in which they were passed over.

The PRESIDING OFFICER. Without objection, the clerk will state the first amendment passed over.

The CHIEF CLERK. On page 10, line 12, after the word "year", it is proposed to insert the words "provided, in case of wheat and corn, the farmer is a cooperator."

Mr. BANKHEAD. Mr. President, I desire to withdraw the amendment and present another amendment.

The PRESIDING OFFICER. The Senator may modify the amendment. The clerk will state the amendment now offered by the Senator from Alabama.

The CHIEF CLERK. On page 10, line 13, it is proposed to strike out the words "in case of wheat and cotton", and on page 11, lines 5 and 6, to strike out the words "under the national marketing quota for cotton" and to insert a period. It is proposed to add, on page 11, at the end of line 5, the words "In the event there is in effect a national marketing quota for cotton each farmer shall be considered a cooperator under this section unless he knowingly fails to comply with the cotton allotment under the national marketing quota for cotton."

The PRESIDING OFFICER. The amendment of the Senator appears to be in two parts, the first to line 13 on page 10.

Mr. BANKHEAD. All the provisions must be considered together to make the amendment understandable.

The PRESIDING OFFICER. In order that the amendment may be considered, it will be necessary that the action of the Senate in agreeing to the amendment on page 11 be reconsidered. Is there objection to a reconsideration of the vote by which that amendment was agreed to? The Chair hears none, and the vote is reconsidered.

Mr. McNARY. Mr. President, I fail to follow the Senator in his proposal as to page 10, section 6.

Mr. BANKHEAD. The object of the amendment is to make it clear that cotton, wheat, and corn occupy exactly the same position under the appropriations made for the basic commodities in the bill. As written, "in case of wheat and corn the farmer must be a cooperator." I would strike out the words "in case of wheat and corn", because we would go back to a former provision and include cotton, wheat, and corn, putting them all on an equal footing. On page 11 I propose to strike out the words "under the national marketing quota for cotton", because it developed that there might not be a national marketing quota for cotton, and that would necessarily exclude cotton altogether. There are several reasons why we may not have that quota. In lieu of the language to be stricken out it is provided in the amendment that in the event we have a quota the cotton farmer will then be construed to be a cooperator so as to qualify cotton, in the provision on page 10, in the same category with wheat and corn. I have submitted the amendment to other Members of the Senate interested in the production of cotton, and it is agreeable.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. BANKHEAD. Mr. President, there is another amendment to this amendment I desire to submit, in line 10, page

10, where I ask that the word "may" be substituted for the word "shall"; in other words, to make the payments permissive if the Department has the money and not mandatory.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Alabama, on page 10, line 10, to substitute the word "may" for the word "shall."

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the next amendment passed over, on page 26.

Mr. McNARY. Mr. President, my record shows that the amendment on page 11, subdivision (c), was passed over at the request of the senior Senator from Idaho [Mr. BORAH]. I may be wrong in this, but that is the notation I have.

The PRESIDING OFFICER. The clerk informs the Chair that that amendment has been agreed to. The clerk will state the next amendment passed over.

The CHIEF CLERK. On page 26, line 20, after the word "through", the committee proposes to insert the words "the State, county, and."

The PRESIDING OFFICER. This amendment was passed over at the request of the Senator from Iowa [Mr. GILLETTE].

Mr. AUSTIN. Mr. President, the Senator who asked that this amendment go over being absent, I think a quorum should be called.

Mr. BARKLEY. Mr. President, I suggest that if necessary we can suspend action on the amendment until the Senator returns to the Chamber. I think that would be preferable to having a quorum called, because we hope to take a recess at 5:30.

The PRESIDING OFFICER. The amendment will be passed over, and the next amendment passed over, at the request of the Senator from Idaho [Mr. POPE], will be stated.

The CHIEF CLERK. On page 27, line 1, after the word "market", it is proposed to strike out the following:

The marketing quota for any farm shall be the amount of the current crop of the commodity produced on the farm less, first, the normal yield of the acreage on the farm devoted to the production of such commodity in excess of that percentage of his soil-depleting base acreage therefor which is equal to the percentage of the national soil-depleting base acreage specified in the proclamation of the Secretary, and, second, any amount of such crop placed under seal pursuant to the provisions of section 4.

Mr. POPE. Mr. President, I have an amendment which will take the place of the committee amendment, and I have had it printed. However, it relates to certain matters concerning the dairying and livestock industry. I now ask that the clerk report the amendment which I have had printed, in lieu of the amendment read.

Mr. McNARY. Mr. President, if it refers to the dairy problem, which has been informally discussed, I suggest that it go over until the first thing tomorrow.

Mr. BARKLEY. Mr. President, in view of the fact that it is contemplated that we will take a recess at 5:30 o'clock, I think it would be advisable not to enter into the discussion of these controversial matters, but go on and dispose of such amendments as are not seriously controversial, and which we can dispose of.

The PRESIDING OFFICER. Without objection, the amendment will again be passed over.

Mr. COPELAND. Mr. President, I think it was understood that all the dairy amendments should be given consideration at one time, so that if this amendment can go over again, it will be desirable.

The PRESIDING OFFICER. The next amendment passed over, on page 35, line 24, went over on the request of the Senator from Mississippi [Mr. BILBO].

Mr. BILBO. Mr. President, I ask that this go over further, because we are trying to get some statistics from the Department of Agriculture to see how this formula will work in actual operation.

The PRESIDING OFFICER. Without objection, the amendment will again be passed over, and the clerk will state the next amendment passed over.



The CHIEF CLERK. On page 36, line 3, it is proposed to insert the following:

(2) At least 95 percent of any acreage remaining shall be apportioned to the farms in the county in the same proportion that the lands tilled on each farm in the preceding year bears to the total tilled lands in the county in such year.

The PRESIDING OFFICER. This amendment was passed over at the request of the Senator from Louisiana [Mr. OVERTON].

Mr. OVERTON. Mr. President, that amendment was agreed to.

The PRESIDING OFFICER. As the Chair recalls, the Senator called it up specially heretofore and offered an amendment to it, and the amendment to the amendment was agreed to; and then the section as amended was agreed to.

Mr. OVERTON. That is correct. That is my understanding.

The PRESIDING OFFICER. On page 37, in section 33 (a), an amendment was offered at the request of the Senator from New Mexico [Mr. HATCH].

Mr. LEE. Mr. President, what page is that?

The PRESIDING OFFICER. Page 37. The Chair will state to the Senator from Oklahoma that the Senator from New Mexico offered an amendment, and that amendment was agreed to, and then the whole section was passed over at the request of the Senator from New Mexico [Mr. HATCH].

Mr. HATCH. Mr. President, if I may have the attention of the Senator from Alabama [Mr. BANKHEAD], I will say that the amendment I had in mind is not important. The amendment is in section 33 (a), on page 37. The thought I had in mind was that, under the language of the bill as drawn, the prima facie evidence of presumption raised by the provision of the bill applied only to cotton that was ginned and sold, requiring both actions in order to raise the presumption. In view of the fact that in some localities cotton is sold in the seed, it occurred to me that it might be wise to insert after the word "it" in line 25 the following: "or selling the same in the seed."

Mr. BANKHEAD. I accept the amendment.

Mr. HATCH. I offer that as an amendment, Mr. President.

The PRESIDENT pro tempore. The Senator will restate the amendment.

Mr. HATCH. In line 25, page 37, after the word "it," I move to insert the words "or selling the same in the seed."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Mexico [Mr. HATCH] to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. LEE. Mr. President, did we complete action on the cotton title?

Mr. BAILEY. Mr. President, I have an amendment to the cotton title.

Mr. BARKLEY. If the Senator from Oklahoma [Mr. LEE] desired to offer his substitute to the whole cotton title, I was going to ask that that go over until tomorrow without prejudice to his right to do so, because evidently it would be controversial, and we could not finish it tonight anyway.

I ask unanimous consent that the Senator from Oklahoma [Mr. LEE] may be permitted to offer his substitute to the cotton title tomorrow.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

The clerk will state the next amendment, which was passed over at the request of the Senator from Tennessee [Mr. McKELLAR].

The CHIEF CLERK. On page 40, section 35, from line 1 to line 11, inclusive, was passed over, as follows:

SEC. 35. The Commodity Credit Corporation is hereby authorized and directed to extend the maturity date of all notes evidencing a loan made by that Corporation on cotton produced during the crop year 1937-38 from July 31, 1938, to July 31, 1939.

The Corporation is further authorized and directed to waive its right to reimbursement from warehousemen accruing because of the improper grading of cotton as provided in the loan agreement. Except insofar as herein specifically modified, all the terms and conditions of the loan agreement shall remain applicable.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment on page 40, being section 35.

Mr. BARKLEY. I should like to have the amendment explained, unless it is agreeable to the members of the committee.

Mr. McKELLAR. The amendment is agreeable to the members of the committee. I have talked with them about it.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment on page 40, being section 35.

The amendment was agreed to.

The PRESIDENT pro tempore. The next amendment passed over is on page 47, where the Senator from North Carolina [Mr. BAILEY] proposed to add an amendment at the end of line 2.

Mr. BANKHEAD. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. BANKHEAD. The first sentence on page 40 has been adopted, has it?

The PRESIDENT pro tempore. That has been adopted.

Mr. BANKHEAD. And the second sentence also has been adopted as amended?

The PRESIDENT pro tempore. Yes; it has been adopted as amended.

Mr. BARKLEY. Mr. President, with respect to the amendment on page 47, I will say that that section was passed over, I think, at the request of the Senator from North Carolina [Mr. BAILEY] who has offered an amendment to it. Inasmuch as that amendment will lead to some discussion, I suggest that it go over until tomorrow.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The clerk will state the next amendment passed over.

The CHIEF CLERK. On page 47, line 23, Mr. KING offered an amendment to strike out the figures "500" and to insert in lieu thereof the figures "100."

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Utah [Mr. KING] to the amendment of the committee, on page 47, line 23.

The amendment to the amendment was rejected.

The PRESIDENT pro tempore. The question is on the adoption of subsection (b) on page 47, beginning in line 3.

The amendment was agreed to.

The PRESIDENT pro tempore. The next amendment passed over will be stated.

The CHIEF CLERK. On page 78, line 16, after the word "sums"—

Mr. BARKLEY. Mr. President, that amendment will have to go over until tomorrow.

Mr. McNARY. Mr. President, there was one committee amendment on page 48, or thereabouts, with respect to the marketing quota, to which I desire to offer an amendment. If the Senator wishes to ask for a recess now, I will take it up tomorrow.

Mr. BARKLEY. Mr. President, I think we may suspend here.

I wish to state for the benefit of Members of the Senate that it is very important that the pending bill shall be finally passed by the Senate at the earliest possible date. If we are to recess or adjourn this extra session on the 22d of this month, that means that we have only 8 more legislative days until that date. No one can predict how long the bill will be in conference. I should very much like—and I am sure all those who have worked on this measure so faithfully would like—to see the bill passed through the Senate and sent to conference in time for the conferees to agree and bring back their report and have the Senate adopt the conference report and pass the bill before we take an adjournment for the holidays.

I want to say in that connection that I do not desire to hold out any—I do not like the word "threat"—to hold out



any suggestion that we may have to resort to night sessions, although we may have to have one tomorrow night or the next night in order to dispose of the measure.

Therefore I hope that tomorrow we may refrain from the temptation of injecting extraneous matters for discussion outside the province of this measure. We spent 2 or 3 hours today very entertainingly, and probably necessarily, in discussing the war in China and also in "panning" the Bituminous Coal Commission. But in view of the importance of early action on this bill, I appeal to Senators from now on, while we are considering the bill, to limit themselves to its consideration in order that we may dispose of it in time for the conferees to get together and work out the bill—in all probability the bill will have to be written in conference anyway—so that we may act upon it finally before we adjourn.

#### EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### REPORTS OF COMMITTEE ON POST OFFICES AND POST ROADS

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters, which were ordered to be placed on the Executive Calendar.

#### DIPLOMATIC AND FOREIGN SERVICE

The legislative clerk read the nomination of Forrest K. Geerken, of Minnesota, to be Foreign Service officer, unclassified, vice consul of career, and secretary in the Diplomatic Service of the United States of America.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of David A. Thomasson, of Kentucky, to be Foreign Service officer, unclassified, vice consul of career, and secretary in the Diplomatic Service of the United States of America.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

#### POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

#### IN THE ARMY

The legislative clerk proceeded to read sundry nominations for promotions in the Regular Army.

Mr. SHEPPARD. I ask unanimous consent that the nominations for promotions in the Regular Army be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

That completes the Executive Calendar.

#### SUSPENSION OF RULE REGARDING NOMINATIONS

On motion of Mr. BARKLEY, and by unanimous consent, it was

*Ordered*, That paragraph 6 of Rule XXXVIII be suspended and that all nominations on the Executive Calendar of the Senate, or pending before any of the standing committees of the Senate, shall remain in statu quo until the convening of the next session of Congress, and that the said nominations shall not be affected by the adjournment of the present session of Congress.

#### RECESS

The Senate resumed legislative session.

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 32 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, December 14, 1937, at 12 o'clock meridian.

#### CONFIRMATIONS

*Executive nominations confirmed by the Senate December 13 (legislative day of November 16), 1937*

#### DIPLOMATIC AND FOREIGN SERVICE

Forrest K. Geerken to be Foreign Service officer, unclassified, vice consul of career, and secretary in the Diplomatic Service of the United States of America.

David A. Thomasson to be Foreign Service officer, unclassified, vice consul of career, and secretary in the Diplomatic Service of the United States of America.

#### PROMOTIONS IN THE REGULAR ARMY

##### To be colonels

Robert Emmett Mason Goolrick, Air Corps (temporary colonel, Air Corps).

Marshall Magruder, Field Artillery.

Walter Putney Boatwright, Ordnance Department.

John Piper Smith, Coast Artillery Corps.

George Richard Koehler, Infantry.

Oliver Seth Wood, Infantry.

Allen Mitchell Burdett, Judge Advocate General's Department.

Edwin Kennedy Smith, Coast Artillery Corps.

##### To be lieutenant colonels

Douglas Jenkins Page, Field Artillery.

James Nephew Caperton, Cavalry.

Harrison Herman, Cavalry.

Frank Clark Scofield, Coast Artillery Corps.

George Joseph Newgarden, Jr., Infantry.

John Forest Goodman, Infantry.

Ferdinand Francis Gallagher, Coast Artillery Corps.

Barrington Lockhart Flanigan, Coast Artillery Corps.

Robert Kenneth Whitson, Infantry.

##### To be majors

Clay Anderson, Corps of Engineers.

Vernon Calhoun DeVotie, Infantry.

Willis Arthur Platts, Quartermaster Corps.

Rene Edward deRussy, Quartermaster Corps.

Irvin Boston Warner, Field Artillery.

Clyde Grady, Infantry.

Edward Marion George, Quartermaster Corps.

Horace Joseph Brooks, Infantry.

Morgan Ellis Jones, Infantry.

George Howard Rarey, Infantry.

Jacob Edward Uhrig, Infantry.

Samuel Rivington Goodwin, Cavalry.

George Walcott Ames, Coast Artillery Corps.

Arthur Wellington Brock, Jr., Air Corps (temporary major, Air Corps).

#### MEDICAL CORPS

##### To be lieutenant colonels

Lucius Kennedy Patterson

Charles Robert Mueller

Charles Fletcher Davis

Clarence Mansfield Reddig

William James Carroll

Adam George Heilman

##### To be captains

John Thompson Brown Strode

Paul Hartsock Leach

Rex Clayton House

#### DENTAL CORPS

Daniel Sumner Lockwood to be lieutenant colonel.

Joseph Leroy Bernier to be captain.

#### VETERINARY CORPS

Velmer Wayne McGinnis to be captain.

#### CHAPLAINS

*To be chaplains with the rank of lieutenant colonel, United States Army*

Thomas Joseph Lennan

Claude Skene Harkey



## APPOINTMENTS IN THE REGULAR ARMY

## MEDICAL CORPS

*To be first lieutenants*

Joseph Pease Russell	Earl Cranston Lowry
Elmer Deloss Gay	Eugene Richard Inwood
Erling Severre Fugelso	Kirk Shepard
Paul Alexander Paden	Clifford Lewis Graves
David Fisher	Clark Batchelder Williams
Henry McClellan Greenleaf	John Robert Woodruff
Robert Reed Kelley	Walter Joseph Reedy
Henry George Moehring	William Clark Cooper
Henry Armand Kind	Henry Clay Vedder
John Henry Taber	George Zalkan
George John Matt	Albert Willard Kuske
Patrick Ignatius McShane	Leon Joseph Numainville
Louis Samuel Leland	Jay James Palmer
Andres Gilberto Oliver	William Maurice Jackson

## APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

Capt. Joseph Blair Daugherty, to the Quartermaster Corps.

## POSTMASTERS

## ALABAMA

Albert W. Darby, Florence.

## ARIZONA

John E. Wagner, Jerome.

## KANSAS

Olga Warner, Arlington.

## KENTUCKY

Roy F. Williams, Lexington.

## MASSACHUSETTS

Joseph William Gorman, Upton.

## PENNSYLVANIA

Frank O'Neill, St. Marys.

## HOUSE OF REPRESENTATIVES

MONDAY, DECEMBER 13, 1937

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our blessed Heavenly Father, we pray in the name of our Savior, who is not only the hope of glory but the spring of all moral influences; without Him we are weak, indeed. Endue us with that wisdom which casts our fear, that checks the feeling of shame and brings us to a place of confidence and encouragement. Bless, we pray Thee, all classes of our citizens—those who are most needy and ignorant and those who bear wrongs thrust upon them by others. We pray Thee to be with the youth of our land. May they grow up with faith in virtue, faith in truth, and faith in honor. Allow nothing, O Lord, to lead them away from a firm confidence in the power and happiness of personal integrity. Mercifully remember the Congress; may it administer its trust in the fear of God and with a true heart. Heavenly Father, may we believe in our country heartily and serve it unselfishly. In the Redeemer's name. Amen.

The Journal of the proceedings of Friday, December 10, 1937, was read and approved.

## MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 3114. An act to extend the times for commencing and completing the construction of a bridge across the Tennessee River between Colbert County and Lauderdale County, Ala.

## EXTENSION OF REMARKS

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein brief extracts from two resolutions.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. SNELL. Mr. Speaker, I make a point of order a quorum is not present.

The SPEAKER. Will the gentleman from New York withhold his request until the unanimous-consent requests are considered?

Mr. SNELL. I withhold the point of order, Mr. Speaker.

Mr. HOUSTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a short poem by a Brooklyn high-school student on the futility of war.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD in two particulars, (1) a radio address on the subject of firearms, and (2) a letter addressed to the Federal Trade Commission.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. LEAVY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a radio address by the Honorable Harold L. Ickes on the opening of the Grand Coulee Dam bid.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. ELLENBOGEN asked and was given permission to extend his own remarks in the RECORD.

Mr. FULLER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a short letter from the American Federation of Labor, with a brief analysis of the present wage-hour bill.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. WIGGLESWORTH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a telegram from the Massachusetts State Federation of Labor on the wage and hour bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

## SESSIONS OF COMMITTEES OF THE HOUSE

Mr. WOLCOTT. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WOLCOTT. Mr. Speaker, has a legislative committee authority to sit during a session of the Committee of the Whole House on the state of the Union without the consent of the House?

The SPEAKER. In answer to the parliamentary inquiry of the gentleman from Michigan, the Chair will quote the provisions of clause 46 of rule XI, which provides that—

No committee, except the Committee on Rules, shall sit during the sitting of the House, without special leave.

The Chair is of the opinion that when the House resolves itself into the Committee of the Whole House on the state of the Union the procedure is in a large measure a parliamentary fiction and contemplates the presence in the Committee of the Whole of the membership of the House itself. If a committee of the House were permitted to sit during sessions of the Committee of the Whole House on the state of the Union and all committees of the House desired to pursue this course, the gentleman can well see it would probably diminish the attendance here far below the quorum which is always required.